

APPENDIX H.

EXPLANATORY MEMORANDUM BY THE FINANCIAL SECRETARY ON THE BUDGET ESTIMATES, 1932-33.

INTRODUCTORY REMARKS.

The published estimates contain four sets of figures in parallel columns, *viz.*, the audited accounts of the last financial year (1930-31), the budget and the revised estimates of the current year and the Budget Estimates of the ensuing year.

2. Broadly speaking, the budget is a cash document. The transactions included in the estimates and accounts represent mainly the actual cash receipts and disbursements during the financial year--July to June--as distinguished from amounts due by or to Government during the same period. The practical advantage of this system is that it keeps the financial record of the year on a basis of realised facts.

3. The transactions are classified under the following main divisions :—

- (a) Revenue.
- (b) Capital.

- (c) Debt.
- (d) Remittance.

The first division deals with the proceeds of taxation and non-tax revenues, as well as the expenditure chargeable to them. The net result represents the surplus or deficit in the year's revenue account.

The second division deals with outlay incurred in building up productive assets, *i.e.*, properties of a remunerative character which are usually financed from one or more of the following sources :—

- (i) Borrowed Funds.
- (ii) Contributions and receipts of a capital nature intended to be applied to Capital expenditure.
- (iii) Revenue Surpluses.

The third division comprises debt incomings and outgoings such as deposits, loans and advances, receipts from which represent a liability and payments, an asset, Government acting practically as bankers in respect of these transactions.

The fourth and last division embraces the adjusting heads, under which appear all cash remittances from one treasury or bank to another, besides those which are necessitated by the system of exchange accounts in force among departments of

APPENDIX H.—*contd.*

Government, and between the Government of Mysore and the Government of India.

4. In each of the four divisions mentioned above, the transactions are grouped into sections which are further sub-divided into major, minor and detailed heads of account.

5. The accounts under the several divisions are worked from balance to balance. These balances are merged in the general cash balance of the State, some portion of which is kept in the State Treasuries, while the rest is deposited with the Government Bankers in India and in London.

6. In this memorandum, endeavour is made to explain the salient features of the transactions under the first two divisions, *viz.*, Revenue and Capital, the expenditure grants under which, with some reservations, are subject to the vote of Legislature, and brief references wherever necessary are made to the others.

7. It is necessary to state that a study of the Budget alone will give neither a clear nor a correct idea of the financial position of the State as a whole. To supplement the information contained in the Budget, a statement is furnished indicating in a general way the position of the State's Assets and Liabilities in the several years the transactions of which are comprised in the published Estimates.

8. Prior to dealing with the Budget Estimates of 1932-33 which is the main theme for discussion, the closed accounts of the financial year 1930-31 and the anticipated results of the current year on the basis of latest actuals and the other information so far available will, as usual, be briefly reviewed.

ACCOUNTS, 1930-31.

9. *Comparison of the actuals of 1930-31 with the budget of that year and the actuals of the previous years.*—The budget of 1930-31, which was framed on the expectation of the continuance of normal conditions, counted on a revenue collection of Rs. 379·82 lakhs and the expenditure charged to revenue was estimated at Rs. 379·26 lakhs, leaving a surplus of Rs. 56 lakh.

Economic depression having overtaken the State in common with the rest of the world, the collections under almost all the principal heads of revenue fell far below expectations and the revenue transactions of the year resulted in a deficit of Rs. 61·94 lakhs.

The general position will be seen at a glance of the subjoined table which gives the total Revenue and Expenditure of the accounts of the year 1930-31 with those of the budget of that year and the actuals for 1929-30.

APPENDIX H.—*contd.*

[In lakhs of rupees]

Particulars	Budget 1930-31	Actuals 1930-31	Actuals 1929-30
	Rs.	Rs.	Rs.
Revenue	379'82	332'35	375'41
Expenditure	385'76	397'89	390'10
<i>Deduct</i> —Expenditure met from Reserves.	6'50	3'60	14'75
Total expenditure charged to Revenue ...	379'26	394'29	375'35
Surplus+or Deficit— ...	+ '56	—61'94	+ '06

That the year was likely to close with a deficit of over half a crore was noticed and explained in the last year's Memorandum. It was also pointed out that all possible measures of economy were being adopted with a view to right the budget position as early as practicable. A Retrenchment Committee was constituted in March 1931 to examine the problem of speedily restoring the condition of balance. The committee submitted its final report to Government on the 12th August 1931 and the final order of Government passed on its recommendations is printed as annexure I.

10. The suddenness in the drop in most of the principal heads of revenues will become apparent from the figures furnished below :—

[In lakhs of rupees]

Major Head	Budget 1930-31	Actuals 1930-31	Actuals 1929-30	Increase or decrease in actuals 30-31 as compared with budget 1930-31	Increase or decrease in actuals 30-31 as compared with actuals 1929-30
	Rs.	Rs.	Rs.	Rs.	Rs.
I. Land Revenue ...	129'62	111'06	126'88	—18'56	—15'32
II. Forest ...	41'84	31'25	42'13	—10'59	—10'88
III. Excise ...	72'02	66'54	69'81	—5'48	—3'27
IV. Income-tax ...	12'03	12'36	12'30	+ '28	+ '06
V. Stamps ...	21'45	19'14	20'99	—2'31	—1'85
VI. Registration ...	3'80	2'93	3'76	—'87	—'83
VIII. Mining Revenue ...	12'11	10'64	12'40	—1'47	—1'76
XXIV. Railways ...	25'81	14'55	20'93	—11'26	—6'38
XXV. K. R. S. Hydro-Electric and Irrigation Works.	34'06	33'78	32'18	—'28	+1'60
Total of other heads ...	27'03	30'10	34'53	+3'07	—4'43
Total ...	379'82	332'35	375'41	—47'47	—43'06

APPENDIX H.—*contd.*

The total deficiency in Revenue according to the Accounts of 1930-31 is Rs. 47.47 lakhs, as compared with the budget and Rs. 43.06 lakhs as compared with the actuals of the previous year.

11. *Expenditure*.—It has to be noted that the actual expenditure in 1930-31 was more than the budget by Rs. 12.13 lakhs, but that position was mainly due to the additional expenditure necessitated by the floatation of the new 5½ per cent and 5 per cent loans, in respect of which adequate provision could not be made in the original budget.

The noticeable increases and decreases in expenditure heads are explained in the following table :—

Heads	Increase in lakhs	Decrease in lakhs	Explanations
1. Land Revenue	57	...	Owing to a fall in the fees received on account of measuring and mapping of Sub-Divisions of lands, the net charge under "Record of Rights" was Rs. 96,808 against nil taken in the budget. This and the excess expenditure incurred under salaries and establishment on account of increments, leave allowances, etc., are partly set off by the non-utilisation of the grants provided under "Buying up of Inam villages forfeited for arrears of Revenue (5)" and "Surveys of Malnad coffee estates (3)" and by less expenditure under "Remuneration to shanbhogs and patels (6)" and "Boundary marks charges (24)."
2. Forest	...	82	Due to less expenditure under "Feed and keep of elephants and cattle, "Buildings" working plans, sowing and planting, khedda operations and other charges," partly set off by increased expenditure under "Executive and protective staff" due to the non-materialization in full of the probable savings included in the Budget under this head.
4. Stamps	...	15	Due to less expenditure under Discount on sale of stamp papers and labels as a result of fall in Stamp revenue.
9. Interest on Debt and other obligations.	11.36	...	Due to floatation of the new 5 per cent and 5½ per cent loans.
12. General Administration.	1.36	...	Due to Round Table Conference expenses, increased expenditure under Palace Electric Lighting, Works and repairs, Saloon carriages and Tour charges of His Highness the Maharaja.
15. Pensions and allowances.	41	...	The probable saving of 82 taken in the Budget Estimate was not fully realised.
16. Stationery and Printing.	...	54	Due to less expenditure under "Cost of printing paper and stationery, purchase of machines, materials and types" and to larger realizations from paying Departments.
17. Miscellaneous	81	...	An increase of 51 appears under "Irrecoverable loans written off" and of 16 under "Miscellaneous and loss on sterling remittances and on sale of Securities."
18. Courts of Law	33	...	Increases appear partly under "District and Civil Courts" due to the establishment and continuance of certain temporary courts and partly to larger expenditure on account of fees to advocates and other law charges.
19. Jails	...	84	Mostly due to larger realisations from "Sale proceeds of jail manufactures" and partly to less expenditure under "Rations and dietary charges."
20. Police	1.44	...	Due to reorganisation of Police Force. The probable saving of Rs. 80,000 expected in the Budget was not also realised.
21. Medical	...	26	Due mainly to less expenditure under "Europe medicines and instruments" and Medical school—Scholarships.
22. Public Health.	19	...	Larger expenditure under (i) plague and other epidemic charges (ii) exhibition of the charges of the Sanitary and Town Planning Division under this head instead of under "24 Civil Works and 30 Grants for public improvements" as before and (iii) the non-receipt during the year of the contribution from the Rockefeller Foundation account for the increase under this head.

APPENDIX H.—*contd.*

Heads	Increase in lakhs	Decrease in lakhs	Explanations
23. Irrigation Works charged to Revenue.	..	1'88	Due to less expenditure under Original works—major and minor, Restoration of minor tanks and Repairs partly set off by increase under Establishment charges.
24. Civil Works...	...	1'45	Due mainly to the increase in the transfer of <i>pro rata</i> charges to 24 A. Communications and less expenditure under "Original works" and "Repairs."
24A. Communications.	2'88	...	The Government share for completion of the T.-Narsipur bridge was not originally provided for in the Budget and an additional grant of Rs. 1,69,000 was therefore sanctioned for the purpose. This and the increased transfer of establishment charges from 24 Civil works account for the excess under this head.
26. Education ...	...	'19	Due mainly to the net result of savings under "Middle Schools, Buildings, Miscellaneous and Industrial schools charges, set off by increased expenditure under "High schools and by less realisations under Allotment from Local Cess" and by less amount of contribution received from District Boards on account of Education Cess.
27. Agriculture...	'46	...	Due to (i) non-materialisation of the probable saving anticipated in Budget under "General Demonstration—Agricultural Section—Salaries and Establishment, (ii) expenditure on Agricultural colony and payment of State contribution to the Imperial Council of Agricultural research" not provided for in the Budget, (iii) less realisation under "Sericultural receipts" and (iv) the transactions under "Filature net receipts" having resulted in a loss of Rs. 4,529 against a profit of Rs. 8,800 anticipated in the Budget.
30. Grants for Public Improvements.	...	1'35	Due to less expenditure under heads— (i) Improvement of water supply in towns, (ii) Improvement of towns and minor Municipalities, (iii) Drinking water wells in villages, (iv) Tube wells and (v) Malnad Improvement.
31. Army ...	...	1'13	Due to less expenditure partly under "Feed and keep of horses, ponies, bullocks and live-stock" on account of (i) revised scale of feed, (ii) fall in the prices of gram and grass and (iii) disbandment of bullocks in the "Mysore Transport crops, and partly under Purchase of ammunition, Superannuation and retired allowances and Military works."
35. Miscellaneous Railway Expenditure.	...	'18	The decrease is under "Surveys" which is due to no surveys having been undertaken during the year as originally anticipated.

12. *Expenditure met from Reserves.*—In the budget, a sum of Rs. 6.5 lakhs was estimated as the drawings from the Irrigation Cess Fund. The actual amount drawn was only Rs. 3.60 lakhs. Of this, a sum of Rs. 1 1/2 lakhs represents outlay on Works included in the sanctioned triennial programme and the balance on other Irrigation Works.

13. As already stated, the year which was expected to give a small surplus of Rs. .56 lakh has really resulted in a deficit of Rs. 61.94 lakhs and the deterioration of Rs. 62.50 lakhs was due to three causes.

	Rs.
(1) Fall in Revenue	47'47 lakhs
(2) Increase in Expenditure	12'13 "
(3) Decrease in the withdrawal from the Irrigation Reserves	2'90 "
Total	62'50

APPENDIX H.—*contd.*

Worseness in the actuals as compared with the Revised Estimate framed in June last is mainly due to further drop in Revenue, particularly under Land Revenue, Forest, Excise and Iron Works.

The estimated loss under Iron Works was Rs. 5·89 lakhs. But according to the finally made up figures, the loss in the revenue account was Rs. 6·93 lakhs.

14. *Comparison of actuals of 1930-31 with those of previous years.*—The Retrenchment Committee has recently reviewed the fluctuations in the Revenue and Expenditure of the State for the past decade and the views and observations of the Committee are contained in section 2 of the Report. The Committee's summary of the position is :—

"The Revenue position of the State down to the year 1918-19 had been one of large and continuous surpluses. It then underwent a radical change owing to various causes and a period of recurring deficits followed."

"The deficit condition at the beginning of the decade (1920-21) will be found more or less re-produced at the end of it (1929-30)."

"The published figures do not clearly bring out this result, because of the fact that the Reserves were being drawn upon for financing Irrigation Works and otherwise supplementing deficiencies in the annual resources."

The expenditure in the year 1929-30 including contribution to the Depreciation and Loan Sinking Funds but excluding the transfer of Rs. 35 lakh to the Special Reserve was Rs. 389·75 lakhs, while the Revenue reached Rs. 375·40 lakhs. There was a deficiency of Rs. 14·35 lakhs which was made good by drawings from the Irrigation and other Reserves. Owing to considerable and sudden decline which has since occurred under several Major Heads of Revenue as the result of the world-wide economic depression, the accounts of the year 1930-31 have resulted in the heavy deficit to which reference has already been made.

CAPITAL OUTLAY.

15. The budget programme contemplated an outlay of Rs. 77·52 lakhs and the actual expenditure was Rs. 73·36* lakhs as per details given below :—

[In lakhs of rupees]

	Budget	Actuals	Difference
37. Railways and Tramways...	12'00	8'99*	—3'01
38. K. R. S. Hydro-Electric and Irrigation Works ...	38'46	43'44	+4'98
39. Industrial or other works.	17'06	17'58	+ '52
40. Iron Works ...	10'00	3'35	—6'65
Total ..	77'52	73'36	—4'16

* The booked outlay is Rs. 92·90 lakhs (total) and Rs. 28·53 lakhs under 37 Railways, in which is included an adjustment of Rs. 19·54 lakhs, being the Company's and District Board's shares of outlay incurred to date.

APPENDIX H.—*contd.*

Increase in outlay under 38 K.R.S. Hydro-Electric and Irrigation Works was due to the pushing on of the Irwin Canal Works and was covered by an additional grant.

Under Iron Works, there has been a lapse of over Rs. 6½ lakhs owing to certain contemplated works not having been undertaken.

16. *Ways and Means.*—The treasury operations of the year were better than the budget anticipation mainly as the result of the success of the new loan. Against the estimated Closing Balance of Rs. 100·48 lakhs, the actual balance at the end of the year in Treasuries and Banks was Rs. 106·45 besides Rs. 88·95 lakhs invested in Treasury bills and short term deposits. The liquid reserves were strengthened and the State's resource position was, on the whole, satisfactory.

17. For additional details regarding the actuals of 1930-31 reference may be made to the published Finance and Revenue Accounts and the Audit and Appropriation report of the year.

REVISED ESTIMATES, 1931-32.

18. The financial position of the current year will now be reviewed in the light of information so far available.

19. The budget of the current year framed in June last counted on a revenue collection of Rs. 378·76 lakhs and the total expenditure chargeable to Revenue was estimated at Rs. 376·84 lakhs leaving a surplus of Rs. 1·92 lakhs. It was then hoped that there would be a gradual revival in the prices of agricultural products and atleast partial restoration of general economic conditions. Unfortunately, the monthly returns furnished by the Comptroller from July 1931 and onwards showed no improvement in the position, and revised calculations of the revenues were accordingly made. As explained in the Dewan's Address to the Representatives Assembly in October last, it was found that the revenues anticipated in the budget were too sanguine and that there would be a deficiency of about Rs. 30 lakhs, mainly in the collections under Forest, Excise and Railways. Further emergent measures of economy were set on foot, the Heads of Departments were required to surrender the maximum amounts possible in the grants provided in the budget and a percentage cut on salaries of Government servants was also sanctioned. The several steps taken by Government towards the rehabilitation of the finances are explained in the Government Orders No. Fl. 4874-923—G. F. 136-31-1, dated 29-30th December 1931, and No. Fl. 3081-140—G. F. 90-31-1, dated 2nd November 1931 copies of which are annexed to this Memorandum. In spite of the several reductions effected, it has not been

APPENDIX H.—*contd.*

possible to fully bridge the gap in the revenue position. According to the Revised Estimate now prepared, the revenues of the year are expected to reach Rs. 348·83 lakhs, while the expenditure will be Rs. 367·40 lakhs. The result of the revenue transactions of the year will be a deficit of Rs. 18·57 lakhs. This deficit has been arrived at after providing for the usual contribution of Rs. 18·78 lakhs to the Rupee Loan Sinking Fund. And if allowance is made for this adjustment, it will be seen that the incomings just cover the outgoings on revenue account.

20. An important feature of the year was the generous contribution made by His Highness the Maharaja of Mysore in aid of the State's finances. His Highness the Yuvaraja of Mysore and the other members of the Ruling Family also contributed an aggregate sum of Rs. 31,000 for the same purpose.

21. The total revenue is expected to fall short of the budget anticipation by Rs. 29·93 lakhs and the total expenditure will be less by Rs. 9·44 lakhs. The net position as compared with the budget which anticipated a surplus of Rs. 1·92 lakhs is worse by Rs. 20·49 lakhs.

As already explained, the fall in Revenue is contributed mainly by three heads, *viz.*, II Forest (13·17 lakhs), III Excise (Rs. 7·88 lakhs) and XXIV Railways (Rs. 8·92 lakhs). Some other heads also show decreases.

22. The fall under I Land Revenue is Rs. 1·43 lakhs and this is due to continued depression and tightness of the money market.

Under II Forest, the decrease is Rs. 13·17 lakhs and is the result of several causes.

The Sandal oil sales, particularly in the overseas market, have not come up to expectations and there is a decrease of Rs. 9·93 lakhs in the gross receipts from the sale of Sandal oil. There has also been some increase under Working expenses owing to the cost of Sandal wood (1·31 lakhs) purchased at the Fraserpet auction sales having been finally charged in the accounts of the current year.

Depression has seriously affected the revenue under Timber, and Minor Forest Produce and the receipts of the Creosoting Plant.

The Excise Revenue shows a decline of Rs. 7·88 lakhs due to reduction in shop rentals and fall in consumption of both arrack and toddy.

Under XXIV Railways, a fall of Rs. 8·92 lakhs is anticipated. The fall will be in receipts of both the lines, *i.e.*, those worked by Government as well as those by the Company.

APPENDIX H.—*contd.*

In framing the budget, no loss was anticipated in the revenue account of the Iron Works. But according to the Revised estimates, the Works expect a loss of Rs. 1·68 lakhs in the current year.

The total decrease in Revenue is Rs. 35·02 lakhs. As against this decrease, an aggregate improvement of Rs. 5·09 lakhs is expected, to which VIII Mining Revenue, IX Interest and XIII Miscellaneous have contributed. The increase under Mining Revenue is due to the premium which gold has commanded. The improvement under Interest is due to temporary investments of surplus cash balance and also to the realisation of interest on loans issued to the Sri Krishnarajendra Mills at Mysore. The increase under XIII Miscellaneous represents the contribution from His Highness the Maharaja's privy purse and the members of the ruling family to ease the financial situation.

23. A statement showing the variations under the several heads as compared with the budget estimate is appended.

[In thousands of rupees]

Revenue	Budget 1931-32	Revised 1931-32	Increase+	Decrease—	Remarks
	Rs.	Rs.	Rs.	Rs.	
I Land Revenue	1,28,02	1,26,59	...	—1,43	Decrease due to poor crops, effects of last year's slump and tightness of the money market.
II Forest	40,08	26,91	..	—13,17	(i) Decrease under Sandal oil gross receipts due to poor sales ... —9,93 (ii) Increase under Sandal oil working expenses, the estimate under which includes a sum of Rs. 1,81,030 being the cost of Sandal wood purchased at the Fraserpet Auction sales. —1,81 (iii) Reduction under charges for extraction of Sandal wood, etc., heads ... +64 (iv) Fall in the receipts under timber, other minor produce, etc., due to dullness of the timber market, etc., and to decrease of 89 under creosoting plant receipt ... —2,57
					Total ... —13,17
III Excise	62,28	54,35	...	—7,88	Reduction under 1 Arrack—'Duty and Shop rent' and 2 Toddy 'Shop rent, Tree tax, Tree rent, etc.,' due to fall in consumption, general trade depression and to fall in the number of trees licensed.
IV Income-tax	13,55	13,21	..	—34	Due to smaller refunds.
VI Registration	3,25	2,76	...	—49	May be attributed to the depression in trade.
VII Surplus	3,11	3,33	+22	...	The amount actually received was more.
Revenue of Bangalore Assigned tract.					

APPENDIX H.—*contd.*

[In thousands of rupees]

Revenue	Budget 1931-32	Revised 1931-32	Increase+	Decrease-	Remarks
	Rs.	Rs.	Rs.	Rs.	
VIII Mining Revenue.	11,11	12,09	+98	..	Royalty on Gold +90 Profits on working Chrome Mines +15 Royalty on other minerals (due to depression in Mangane- nese and Chrome trade) -7 Total +98
IX Interest ...	16,46	17,77	+1,31	...	Interest on Loans and Advances:—(due to issue of loans to S. K. Mills, etc. +63 Interest on arrears of revenue +21 Interest on temporary invest- ments +44 Interest on Shimoga-Arasalu Railway capitals +8 Total +1,31
XIII Miscellaneous	2,48	4,38	+1,90	...	Contribution from His High- ness the Maharaja's privy purse and from members of the ruling family to ease the financial situation +2,31 Gain on sale of Securities and sterling remittances +10 Cash recoveries of overpay- ments in previous years +6 Sale of Building Sites in the Jail extension -60 Sundries +8 Total +1,90
XVIII Public Health.	25	35	+10	...	The realisations under 'Other receipts' are expected to be more.
XIX Civil Works	96	1,15	+19	...	
					Sale of buildings +10 fines, refunds and miscellaneous +8 Sundries (Net) +1 Total +19
XIXA Communica- tions.	6,90	6,70	...	-20	Fall expected under 'Motor License Fees.'
XXI Agriculture ...	68	74	+11	...	Amrut Mahal receipts +5 Miscellaneous receipts (due to adjustment of profits rela- ting to 1929-30 from purchase and sale of sprayers and chemicals) +7 Government Garden receipts -1 Total +11
XXIII Army ...	72	62	...	-10	The decrease is under Hessaraghatta Farm due to the supply of grass having fallen short of anticipations and to destruction of 140 tons of grass by fire.

APPENDIX H.--contd.

[In thousands of rupees]

Revenue	Budget 1931-32	Revised 1931-32	Increase +	Decrease -	Remarks
	Rs.	Rs.	Rs.	Rs.	
XXIV Railways (Net Receipts).	24,22	15,30	...	-8,92	Fall in receipts both under lines worked by Government (4,80) and by Company (4,12).
XXV K. R. S. Hydro-Electric and Irrigation Works.	29,09	38,63	...	-46	Reduction is under Irrigation receipts which is stated to be due to no land under the Irwin Canal having been irrigated during the year.
XXVII Iron Works	...	-1,68	...	-1,68	The works expect a loss of 1,68 in the current year.
XXVIII K. G. F. Water Works (Net Receipts).	1,18	1,22	+9	...	The gross receipts are expected to be more.
XXIX Industrial Works.	86	66	...	-20	Central Industrial Workshop -11 Soap Factory ... +17 Weaving Factory ... -15 Industrial Depot ... -6 Porcelain Factory ... -5
					Total ... -20
Other heads	23,71	23,75	+19	-15	
Total	3,78,76	3,48,83	+5,09	-35,02	
			Decrease-29,93		

Expenditure.

24. The total expenditure charged to revenue for which provision was made in the budget amounted to Rs. 376.84 lakhs. But in view of the anticipated drop in certain heads of revenue below budget anticipation, retrenchment measures were pursued and the expenditure grants of departments were reduced to an aggregate extent of Rs. 12.57 lakhs. There have been some inevitable increases amounting to Rs. 3.13 lakhs. The only important item of additional grant given for revenue expenditure during the year is that relating to special repairs and improvements to Provincial roads for which a sum of Rs. 2.30 lakhs was received from the Government of India in September 1931 as the Mysore Share of the additional levy by two annas Petrol Tax.

The net reduction under the several heads as compared with the budget amounts to Rs. 9.44 lakhs.

APPENDIX H.—*contd.*

25. A statement showing the variations under each head as compared with the budget is exhibited in the following table:—

[In thousands of rupees]

Heads	Budget 1931-32	Revised 1931-32	Increase	Decrease	Remarks
	Rs.	Rs.	Rs.	Rs.	
1. Land Revenue.	29,00	27,65	...	1,35	Due to (i) Salary cut (ii) General reduction of F. T. A. and (iii) Savings expected under ordinary T. A., Contingent and Boundary Mark Charges.
2. Forest ..	13,66	11,78	...	1,88	Due to (i) reduction of grants as a measure of retrenchment (ii) savings expected under certain heads as a result of less progress of expenditure in the current year (iii) salary cut and (iv) reduced expenditure under F. T. A., ordinary T. A. and Contingent Charges.
3. Excise ...	4,32	3,96	...	36	Mainly under District Executive Establishment and due to (i) salary cut (ii) reduction of grants and (iii) stoppage of supply of uniforms.
3A. Income-tax ...	79	70	...	9	Due to (i) salary cut (ii) abolition of the post of the Assistant Commissioner of Income-tax and (iii) reduced expenditure under T. A. and Contingent Charges.
4. Stamps ...	80	55	...	25	Due to (i) surrender of the grant of 16 under purchase of water marked paper and (ii) the reduction in the rates of discount payable to the Stamp vendors.
5. Registration ...	1,82	1,71	...	11	Due to cut in salary and savings expected under T. A. and Contingent Charges.
7. Supervision of Mines.	2,11	1,95	...	16	Appears mainly in the charges transferred from other heads.
9. Interest ...	52,60	53,02	42	...	Due to (i) payment of arrears (ii) further issue of 5 per cent and 5½ per cent bonds in the year by conversion of 7 per cent bonds and (iii) payment of interest on overdrafts with banks for which no provision existed.

APPENDIX H.—*contd.*

[In thousands of rupees]

Heads	Budget 1931-32	Revised 1931-32	Increase	Decrease	Remarks
	Rs.	Rs.		Rs.	
12. General Administration.	14,12	14,53	41	...	The increases under "Electric Lighting," "Tour Charges of His Highness the Maharaja" and "Round Table Conference" are partly set off by savings due to (i) salary cut (ii) abolition of certain gazetted posts and the scheme of the "Inspection of Office Systems" and (iii) appointment of men on minimum pay in place of officers drawing higher pay on other duty.
14. Scientific and Miscellaneous Departments.	2,06	1,58	...	48	The savings due to (i) salary cut, (ii) reduced expenditure under T. A. Contingencies, etc., heads and (iii) reduction of grants under "Museum and Census."
15. Pensions and Allowances.	17,16	17,32	16	..	Mainly under "Compassionate Gratuities" due to the large number of cases sanctioned.
16. Stationery and Printing.	2,88	2,64	...	24	Due to surrender of grants to the extent of 20 and larger receipts from paying departments.
17. Miscellaneous.	78	86	8	...	Occurs mainly under "Miscellaneous" and is partly set off by savings under "All India Exhibition."
18. Courts of Law.	10,94	10,70	...	24	Due to (i) salary cut, (ii) certain appointments kept vacant in the higher grade and appointments made against those places in the lower grade on the minimum pay, (iii) reduction of grants under certain heads and (iv) abolition of the Special Magistrate's Court at Tarikere.
19. Jails	1,32	1,17	..	15	Due to savings anticipated under "Rations and Dietary charges" and larger receipts from Jail Manufactures."

APPENDIX H.—*contd.*

(In thousands of rupees)

Heads	Budget 1931-32	Revised 1931-32	Increase	Decrease	Remarks
	Rs.	Rs.	Rs.	Rs.	
20. Police ...	18,19	17,87	...	32	Due to reduction of grants under F. T. A., ordinary T. A., equipment and clothing and K. G. F. Police Force partly set off by an increase under "3 Police Force—Police Force."
22. Public Health.	2,25	2,11	...	14	Due to savings on account of (i) salary cut, (ii) abolition of duty allowance in certain cases, (iii) two places of Health Officers kept vacant and (iv) reduction of grants under T. A. partly set off by an increase of 30 under "Plague and other epidemic charges."
23. Irrigation Works.	12,70	11,17	...	1,53	Mainly under "Original works—Major."
24. Civil Works.	7,30	6,62	...	68	Mainly under "Original works" due to reduction of grants as a measure of retrenchment.
25. A. Communi- cations.	10,00	11,92	1,92	...	Mainly under "Roads-Special Repairs" due to the additional grant of 2,30 sanctioned for the purpose.
26. Education ...	50,94	48,81	...	2,13	Decreases appear mainly under (1) University, (2) Middle Schools and (3) Special Communities Education due to (i) reduction of grant for the University and (ii) transfer of the control of Primary Schools to the Local Education Authorities, corresponding decrease appearing under <i>Deduct</i> :—"Contributions" also.
27. Agriculture. .	11,88	10,90	...	98	Due to reduction of grants under several heads and larger receipts under Serum Institute.
28. Industries and Commerce.	1,93	1,93	...	...	
29. Co-operative Societies.	1,58	1,43	...	15	Due to abolition of two posts of Assistant Registrars and salary cut.

APPENDIX H.—*contd.*

[In thousands of rupees]

Heads	Budget 1931-32	Revised 1931-32	Increase	Decrease	Remarks
	Rs.	Rs.	Rs.	Rs.	
D. Grants ...	4,08	3,88	...	20	Occurs mainly under "Malnad Improvement Dispensaries" as a result of the abolition of certain dispensaries.
E. Army ...	16,47	15,37	...	1,10	Decreases appear under all the minor heads particularly under "Mysore Lancers" and "Mysore Infantry" and mainly due to (i) staff retrenchment, (ii) reduced expenditure under Feed and Keep of mules" and "(iii) purchase of ammunition."
6. Miscellaneous	5	15	10	...	Due to preparation of a site for carrying out winter gaugings at Jog and constructing a weir at Seethakatte.
Electrical expenditure.	85,11	85,12	4	3	
Other heads.	3,76,84	3,67,40	3,13	12,57	
Net decrease ...	...	...	—9,44		

Capital Outlay.

26. The Capital works programme in the budget provided for an outlay of Rs. 85.62 lakhs.

With a view to restrict the out-goings from the Treasury, the progress under works has been slowed down and the Revised outlay is expected to be Rs. 70.14 lakhs. The variations under the several heads are noted in the following state ment.

		Rupees in lakhs.	
		Budget.	Revised.
37	Railways and Tramways	12'00	10'93
38	K. R. S. Hydro-Electric and Irrigation Works	34'15	30'89
39	Industrial or other works	28'47	26'72
40	Iron Works	11'00	1'60
Total		85'62	70'14

27. The Opening Cash Balance in Treasuries and Banks on 1st July 1931 was Rs. 106.45 lakhs. According to the Revised Estimate of the current year, the Closing Balance is expected to

APPENDIX H:—*contd.*

stand at Rs. 72·76 lakhs against the budget anticipation of Rs. 57·19. There are besides temporary investments in Government of India Treasury Bills and Short-term deposits in Banks aggregating about Rs. 3·50 lakhs. With the concurrence of the Legislative Council, an industrial loan of Rs. 20 lakhs was granted to the Sri Krishnarajendra Mills at Mysore, of which Rs. 16 lakhs represents the debt secured on the fixed assets and Rs. 4 lakhs is working capital advance.

APPENDIX H.—*contd.*

BUDGET ESTIMATES, 1932-33.

28. The Budget for next year anticipates a revenue collection of Rs. 352·72 lakhs and provides for a revenue outlay of Rs. 362·60 lakhs. There is thus a deficit of Rs. 9·88 lakhs in the revenue account.

29. As compared with the Revised, the total revenue shows no material advance. It is difficult to forecast when normal conditions will be restored. The estimates under almost all heads except Forest, Sandal Oil and Railways have been based on the anticipated results in the current year, making allowance for known factors. As the result of measures adopted to improve the arrangement for selling Sandal oil, it is expected that the receipts from this source would be better by about Rs. 3½ lakhs. For reasons explained *infra*, (*vide* pages 18 and 19) the Railway revenue is estimated to show an improvement of about Rs. 6 lakhs.

30. The expenditure programme of next year has been closely examined. The departmental grants have been cut down to the barest minimum and the next year's provision is kept at Rs. 4·80 lakhs less than the Revised.

31. As already stated, a number of measures have been taken to right the financial position, but the retrenchments so far effected are insufficient to balance the budget. Further, substantial reductions in expenditure can be effected only by the contraction of activities vitally affecting the public interest; but this is a question of policy involving several considerations—financial as well as administrative and requires time to be satisfactorily handled. Government will, however, not relax their efforts in pursuing the Economy campaign and securing all possible economies till the budget is fully balanced.

32. A comparative statement of estimated revenue receipts of next year with reference to the revised anticipations of the current year is annexed.

APPENDIX H.—*cont'd.*

[In lakhs of rupees.]

Group Heads	Revised 1931-32	Budget 1932-33	Increase+ Decrease—
	Rs.	Rs.	Rs.
I Land Revenue ...	126.59	128.42	+1.83
II Forest ...	26.91	30.49	+3.58
III Excise ...	54.35	54.87	+52
IV Income-tax ...	13.21	12.48	—73
V Stamps ...	18.93	19.09	+16
VI Registration ...	2.76	2.80	+04
VII Assigned Tract Revenue ...	3.33	1.90	—1.43
VIII Mining Revenue ...	12.09	10.50	—1.59
IX Interest ...	17.77	13.64	—4.13
X to XIII Civil Administration ...	5.72	4.60	—1.12
XIV to XVIII Protection ...	1.50	1.52	+02
XIX-XIXA Public Works ...	7.85	7.20	—65
XX to XXII Moral and Material Development.	3.07	2.80	—27
XXIII Army and Defence ...	.62	.62	...
XXIV Railways—Revenue Account Net receipts.	15.30	21.52	+6.22
XXV K. R. S. Hydro-Electric and Irrigation Works.	38.63	38.76	+13
XXVII to XXIX Industrial and other works.	.20	1.51	+1.31
Total ...	348.83	352.72	+3.89

I. LAND REVENUE.

The outstandings at the end of the year are expected to be heavy and an increase of Rs. 1.83 lakhs is estimated as due to better collection of arrears.

II. FOREST.

It is difficult to forecast the position of the Sandal oil market. The estimate of gross receipts is proposed on the expectation of a total sale of 1,55,000 lbs. of oil during the next twelve months. All possible measures are being adopted to improve the sales organisation and adjust the prices in the different markets with reference to the demand. The collection under 'Other Forest Revenue' is based on the Revised with a slight increase anticipated under 'Timber' and 'Other Minor Produce.' The total improvement anticipated under Forest is Rs. 3.58 lakhs.

APPENDIX H.—*contd.*

III. EXCISE.

There has been marked decrease in consumption of liquor during the current year and the position of next year is not expected to be much better. The result of the sales of excise privileges for the next year is that the rentals realised have exceeded the level of last year by about half a lakh of rupees. In view of this, the Budget is placed at Rs. 54·87 lakhs against Rs. 54·35 lakhs in the Revised.

IV. INCOME TAX.

This head of revenue has not been recording any progress and the effects of trade depression are bound to be reflected in the Tax collections. Provision has been made for the payment of refund claims of the current year likely to be presented after July 1932. These considerations account for the fall of Rs. 73 lakh.

VII. SURPLUS REVENUE OF THE ASSIGNED TRACT.

As against Rs. 3·33 lakhs received in the current year, the estimate for next year is placed at Rs. 1·90 lakhs according to the information furnished by the Residency.

VIII. MINING REVENUE.

The fall under Mining Revenue is due partly to reduced output in the Mines, and partly to the anticipated reduction in the price of gold.

IX. INTEREST.

The decrease under Interest is due to reduced income from investments. The unconverted 7 per cent bonds were paid in cash on the 1st November 1931. This factor coupled with the utilisation of surplus funds for Capital expenditure reduces the margin for temporary investment of surplus balances.

XXIV. RAILWAYS.

As already explained in para 22 *supra*, there has been a considerable fall during the current year in the Railway earnings of both the sections, *viz.*, the lines worked by the Madras and Southern Mahratta Company as well as those worked by the Government. This is due partly to depression and partly to the competition of buses. Though no substantial improvement in gross receipts is

APPENDIX H.—*contd.*

anticipated by the Madras & Southern Mahratta Company during next year, considerable savings are anticipated in the working expenses. The Mysore Railway department hopes for some revival in traffic by providing for more facilities to passengers and every endeavour is also being made to further reduce working expenses. The improvement in net receipts anticipated is the result of several factors and the following table will show at a glance the extent of improvement in earnings that is anticipated and the economies proposed to be effected in the working expenses during the coming year.

A. Lines worked by M. & S. M. Co.**[Rupees in lakhs]**

	Budget 32-33	Revised 31-32	Accounts 30-31	Accounts 29-30	Accounts 28-29	Accounts 27-28
Gross Receipts ..	45'11	44'47	44'38	47'54	49'82	52'59
Deduct—Working Expenses.	23'50	26'74	25'92	26'07	25'30	30'40
Surplus Profits ..	'94	'83	'79	1'04	1'16	1'00
Guaranteed Interest	6'40	6'40	6'40	6'40	6'40	6'40
Net receipts A ..	14'27	10'50	11'27	14'03	16'96	14'79

B. Lines worked by Government.

	Budget 32-33	Revised 31-32	Accounts 30-31	Accounts 29-30	Accounts 28-29	Accounts 27-28
Gross Receipts ..	32'50	30'00	33'10	38'03	38'71	38'29
Deduct—Working Expenses.	24'44	24'39	29'10	30'34	30'21	27'27
Surplus profits ..	'36	'35	'28	'35	1'40	'69
Guaranteed Interest	'45	'46	'44	'44	'44	'44
Net receipts B ..	7'25	4'80	3'28	6'90	6'66	9'89
Total net receipts. A + B	21'52	15'30	14'55	20'93	23'62	24'68

The annual contribution to the Depreciation Fund of the railways worked by Government has been Rs. 5 lakhs for the last few years and the whole of it is being utilised towards renewals and replacements. The contribution for next year is, in the current year, reduced to Rs. 3½ lakhs and the demand on the fund has been correspondingly curtailed.

APPENDIX H.—*contd.***K. R. S. Hydro-Electric and Irrigation Works.**

The sub-joined table explains the variations between the Revised and the Budget under the several heads.

Rupees in lakhs.

ELECTRIC WORKS—(a) POWER.—

	Budget 1932-33.	Revised 1931-32.	Accounts 1930-31.
Gross Receipts	49'35	49'47	50'41
Deduct— Working expenses ..	10'98	10'69	11'12
Administration			
Generation			
Transmission			
Distribution			
Depreciation contribution ..	...	...	4'87
Provident Fund do ...	48	48	44
Net receipts ...	37'89	38'30	33'98
(b) TELEPHONES—			
Gross Receipts ..	33	33	27
Working expenses ...	15	15	10
Net receipts ...	18	18	17
(2) IRRIGATION WORKS—			
Gross Receipts—			
Irrigation-Water rate ..	1'64	20	...
Add amount transferred from			
Land Revenue ...	1'64	1'67	1'42
Deduct working expenses ...	2'59	1'72	1'79
Total net ..	69	15	37
Grand Total of net receipts ..	38'76	38'63	33'78

From the above statement, it will be seen that while the receipts under 'Power' are stationary, some economy is being enforced in the working expenses, and the improvement counted upon is almost wholly due to the suspension of the Depreciation Fund Contribution. There is an accumulated balance of Rs. 59 lakhs in this fund and it is proposed to meet the demand for replacement and renewals during the next year, amounting to about Rs. 2'95 lakhs, from the accumulated balance.

The Tunnel works have been completed and the Maddur Branch Channel opened for letting water for irrigation. An area of about 36,000 acres is expected to be brought under irrigation during the next official year and a net additional revenue of about Rs. 1'44 lakhs anticipated from this source is included in the Budget.

APPENDIX H.—*contd.***Iron Works.**

In the budget of the current year, it was expected that the revenue account of the Works would balance and no profit or loss was estimated in it. The operations during the year are likely to result in a loss of Rs. 1·68 lakhs. The chief causes that have contributed to this are the acute world-wide depression and complete collapse of the market for iron. So far as the next year is concerned, it is hoped that the reductions and savings in working expenses already effected and in contemplation will help to keep down the losses and provision is, therefore, made to write off of a loss of Rs. '84 lakh in the Budget.

Expenditure.

33. *Turning now to the Expenditure side.*—The total expenditure programme of next year is framed for an outlay of Rs. 362·60 lakhs as against Rs. 361·40 lakhs in the Revised. In preparing the programme, all possible economies have been taken into account and the barest minimum has been provided in each department.

34. The total expenditure under both revenue and capital heads in 1920-31 was Rs. 490 lakhs while the next Budget provides for an outlay of Rs. 401 lakhs only for Revenue and Capital expenditure together. This large reduction of Rs. 89 lakhs in the level of expenditure has been brought out not without curtailment of several useful activities and beneficent measures.

35. The extent to which departmental grants have been reduced in the past two years will be evident from a perusal of the following table:—

[In lakhs of rupees]				
	Budget 1932-33	Accounts 1930-31	Accounts 1929-30	Decrease in Budget 1932-33 with reference to Accounts 1930-31
Direct demands on revenue ...	46·70	53·50	54·83	6·80
Civil Administration ...	39·34	42·59	45·89	3·25
Protection ...	43·69	46·22	44·57	2·53
Public Works ...	30·00	35·05	35·99	5·05
Moral and Material Development	62·46	72·64	71·95	10·18
Local Self-Government (Grants to Public Improvements),	3·71	5·85	7·24	2·14
Army ..	14·11	17·13	18·49	3·02
Total ...	240·01	272·98	278·96	32·97

APPENDIX 'H.—*contd.*

As compared with the Accounts of 1930-31, the next year's grants for these departments are placed at about Rs. 32.97 lakhs. lower, while the decrease with reference to the closed accounts of 1929-30 will be about Rs. 38.95 lakhs.

36. The only head under which increased provision of a substantial character has been made is Pensions. Against Rs. 17.32 lakhs in the Revised, a sum of Rs. 18.82 lakhs is provided for in the Budget on the basis of existing sanctions. The increase is mainly due to the large number of retirements ordered in pursuance of the policy of retrenchment.

37. The more important variations as compared with the revised and the chief items of retrenchments which have been taken into account in providing grants to the departments will now be referred to.

Under Land Revenue, all possible economies have been effected in Establishment and also under Travelling Allowance, Contingencies and Special charges. The Scheme of Record of Rights is being pushed on and it will have been introduced in 33 taluks before the end of this year. It is proposed to extend it to eight more taluks during the ensuing year. The fee receipts are expected to fully cover the expenditure on this account.

Owing to slump in the timber market, the operations of the Forest Department are expected to be materially curtailed. Temporary establishment has been reduced and the grants for Conservancy and works have been economised. One Forest Division (Sagar) has been abolished. As compared with the budget of the current year, the grant for next year is less by about Rs. 1½ lakhs.

The provision under Interest on Debt and other Obligations shows a decrease of Rs. 2 lakhs as the 7 per cent loan was paid off and interest on that Debt has not got to be provided for in the Budget.

The next year's grant under 12. General Administration will be less than the Revised by Rs. 1.49 lakhs. A decrease of Rs. 76,000 is expected under Staff and House-hold of His Highness the Maharaja and the rest of the saving in cost is due to retrenchments sanctioned or in contemplation under other minor heads.

Under Stationery and Printing, considerable saving has been effected in the grants for establishment as well as in the cost of printing paper and stationery articles. Owing to a change in classification, *viz.*, receipts from paying departments

APPENDIX H.—*contd.*

on account of paper being shown as deduction from expenditure, the Budget appears to be much lower than it really is. Making allowance for this, it will be seen that there is a reduction of three-fourths of a lakh of rupees as compared with the actuals of 1930-31.

Courts of Law records a decrease of Rs. 37 lakh while some increased provision has been made under Police due to the transfer of the Treasury guard duties from the Military to the Police Department.

The Public Works grant for next year is fixed at Rs. 30 lakhs as in the budget of the current year. It has not been possible to make any substantial provision for new works and the grants for Irrigation Works as well as for Communications have been curtailed to the minimum possible limit.

The scheme of Economic Conference continues to be suspended and no provision is made for Economic Development. The Exhibition will, however, be held as usual during the Dasara Festivities. It is expected to be self-supporting and a sum of Rs. 15,000 is provided under Miscellaneous for this purpose, the expenditure being covered by the fee receipts.

Under Education, the total grant is fixed at Rs. 48.80 lakhs against Rs. 53.48 lakhs spent in the last Account year. The University will be given a grant of Rs. 9½ lakhs against the normal annual grant of Rs. 10½ lakhs. The annual subvention to the Indian Institute of Science is proposed to be reduced from Rs. 50,000 to Rs. 20,000.

The grant under Agriculture is reduced to Rs. 10.51 lakhs from Rs. 14.25 lakhs of the last Account Year. Reductions have been effected partly under establishment but mostly under travelling allowances, contingencies, special charges and non-recurring grants for buildings and in the Veterinary Department in the provision for the purchase of animals for serum virus production. It is proposed to manufacture not merely anti-rinderpest serum but also other kinds of sera which are being purchased.

APPENDIX H.—*contd.*

Cuts have been effected under Grants for Public Improvements as the following table will show:—

[In lakhs of rupees]

	Budget 1932-33	Accounts 1930-31	Accounts 1929-30
	Rs.	Rs.	Rs.
Bangalore City Improvement ...	'15	'30	'30
Improvement of water supply in Towns ...	'25	'18	'31
Improvement of Towns and minor Municipalities ...	'40	'65	'97
Mysore City Improvement ...	'50	1'00	1'00
Rural reconstruction ...	'57	1'03	1'47
Drinking water wells in villages ...	'50	'70	1'01
Tube wells ...	'65	'95	1'13
Malnad Improvement ...	'69	'97	1'04
Grants-in-aid to District Boards under Local Self-Government Scheme ...	...	'06	nil
Miscellaneous expenditure on public improvements	...	'01	'01
Total ...	3'71	5'85	7'24

Under Army, considerable reductions have been effected. Against Rs. 18'49 lakhs expended in the year 1929-30, the Budget of the next year provides for an expenditure of Rs. 14'11 lakhs only. The large saving of Rs. 4'38 lakhs is due to the following causes.

Advantage has been taken of the low prices of food-stuffs for reducing the grant under Feed and Keep of horses in all ranks.

The mechanisation of the Mysore Transport Corps by the utilisation of motor lorries for transport purposes has resulted in a decrease of over half a lakh of rupees.

The Military works grant has been reduced from Rs. 1½ lakhs to Rs. '48 lakh.

The re-organisation of the Barr Force has resulted in a saving of Rs. 2½ lakhs.

32. The sub-joined table furnishes a comparison of the Major head grants for next year with the previous level of expenditure for four Accounts years with necessary remarks explaining the more important variations from the present standard:—

APPENDIX H.—*contd.*

[In thousands of rupees]

Major Heads	Accounts				Revised 1931-32	Budget 1932-33	Increase or Decrease— in Budget 1932-33 as compared with Revised 1931-32	Remarks
	1927-28	1928-29	1929-30	1930-31				
1. Land Revenue ...	28,87	28,89	80,00	80,18	27,65	27,54	-11	Due to (i) full effect of salary cut and (ii) smaller provision made for the Revenue probationers.
2. Forest ...	19,82	16,28	15,67	15,87	11,78	12,15	+87	Establishment ... 28 Sowing and planting ... 10 Sundries ... 4 Total ... 27
3. Excise ...	4,21	4,46	5,84	4,49	3,96	4,04	+8	Due to provision made for the supply of uniforms.
4. Stamps ...	92	92	75	82	55	60	+5	Appears mainly in the provision made for the purchase of water marked paper.
Supervision of Mines ...	2,08	2,05	2,22	2,18	1,95	2,12	+17	The increase is in the charges transferred from other heads.
Interest ...	35,77	37,55	39,02	53,33	53,02	51,06	-1,96	The decrease of 3,47 under "Interest on 7 per cent loan is partly set off by a provision of 50 under "Interest on 7 year fixed deposits" (new item) and increases under "Savings Bank Deposits and insurance and provident funds" as a result of the growth of the fund balances.
2. General Administration ...	15,90	15,42	20,81	16,44	14,53	18,04	-1,49	Due to (i) nil provision made under "Round Table Conference" and normal provisions under other heads. A provision of 15 has been made for the Legislative Council and Representative Assembly Elections in the coming year.
14. Scientific and Miscellaneous Departments.	1,07	98	1,05	1,86	1,68	1,03	-55	Due to (i) smaller provisions under "Mineral Survey and prospecting work and "Census," (ii) Full effect of salary cut.
15. Pensions and Allowances ...	14,45	14,64	16,09	16,04	17,32	18,82	+1,50	Mainly under "Superannuation and retired allowances," the charges under this head are growing year after year and the large increase is partly due to the retirement of a number of officers.
16. Stationery and Printing ...	3,88	3,63	3,77	3,12	2,64	2,18	-51	Due to smaller provision made under "cost of printing paper and stationery" and the inclusion of a deduct entry of 38 towards the cost of paper and stationery articles supplied to the paying departments under this head, instead of under "Revenue" as before in accordance with G. O. No. G. 7074-96-P. & S. 33-31- dated 2nd March 1932.

APPENDIX H.—*contd.*

[In thousands of rupees]

Major Heads	Accounts				Revised 1931-32	Budget 1932-33	Increase + or Decrease— in Budget 1932-33 as compared with Revised 1931-32	Remarks
	1927-28	1928-29	1929-30	1930-31				
17. Miscellaneous ...	93	1,14	1,08	1,54	86	81	-5	Decreases under (1) Loss on sterling remittances and (2) Irrecoverable loans written off.
18. Courts of Law ...	10,36	10,96	11,11	11,51	10,70	10,83	-37	
20. Police ...	16,29	16,74	18,40	19,32	17,87	18,29	+42	Due to (i) full effect of salary cut (ii) absence of any provision for the additional temporary District Sessions Court, Bangalore, and for leave allowances of officers for which the revised includes 10.
21. Medical ...	11,45	11,78	11,96	12,18	12,17	11,81	-36	Mainly due to increased provision made for the full year for the additional staff for Treasury Guard work. Increases also appear under Travelling Allowance and equipment and clothing of Police Force.
22. Public Health ...	1,22	1,51	1,79	2,12	2,11	2,07	-4	Mainly due to smaller provision under Europe medicines and instruments.
23. Irrigation Works....	83,75	39,25	35,98	35,05	29,71	30,00	+29	Due to smaller provision made under "Plague and other Epidemic charges" partly set off by an increase under "4 District charges" due to absence of any contribution from the Rockefeller Foundation.
24. Civil Works ...								
24A. Communications ...								
26. Education ...								
27. Agriculture ...	46,44	51,91	54,31	53,48	48,81	48,80	-1	The net variation is small.
	9,80	11,36	13,04	14,25	10,90	10,51	-39	
28. Industries and Commerce ...	1,99	1,61	1,91	2,21	1,93	1,84	-9	Due to (i) salary cut (ii) Provision made for the Director of Horticulture for one month only (iii) Absence of provision made "Cattle Breeding Station Buildings" and "Sericulture minor capital expenditure."
29. Co-operative Societies ...	1,20	1,30	1,62	1,66	1,43	1,31	-12	
30. Grants for Public improvements ...	7,03	7,27	7,23	5,85	3,88	3,71	-17	This is the result of small decreases and increases under several heads.
31. Army ...	18,91	19,34	18,48	17,13	15,07	14,11	-1,26	
36. Miscellaneous ...	...	...	...	...	15	...	-15	Due to full effect of salary cut, abolition of the two posts of Assistant Registrars.
Electrical Expenditure—	...	...	...	...	...	...	...	
Other Heads—	88,57	78,13	78,46	77,76	76,53	76,48	-05	The large saving due to the re-organisation of the Mysore Infantry is partly set off by small increases under certain heads.
Total ...	367,41	377,12	390,09	397,89	367,40	362,60	-4,80	

APPENDIX H.—*contd.***Capital Outlay.**

39. The grants for the Capital departments are fixed at Rs. 38·74 lakhs. The details of the allotments to the different departments are as follows :—

37. Railways	...	...	Rs. 10·75 lakhs
For open line.			
(a) Worked by the M. & S. M. Company	...	Rs. 4·75 lakhs	}
(b) Worked by Government	...	" 5·00 "	
For lines under construction	...	" 1·00 lakh	
38. K. R. S. Hydro-Electric and Irrigation Works	...		Rs. 21·00 lakhs
(a) Dam and Irrigation Works			}
Irwin Canal Works	...	" 14·00 lakhs	
(b) Hydro-Electric Works including Transmission Line to Thippagondana Halli	...	" 7·00 "	
Industrial or other works	...		Rs. '99 lakh
New Bangalore Water Supply Project (Chamarajendra Water Works.)			" 5·00 lakhs
Iron Works	...		" 1 lakh
	Total	...	Rs. 38·74 lakhs

For the open lines of the Railways, a sum of Rs. 9·75 lakhs has, as usual, been provided for the railways worked by Government and those worked by the Company together. The construction of the Ragihosahalli-Arasalu Railway has been completed. It is proposed to extend this Railway up to Ananthapur and a sum of Rs. one lakh is included in the Budget for this purpose.

For the Irwin Canal Works and for raising the waste weir of the Krishnarajasagara Dam including the fixing up of automatic gates, a sum of Rs. 14 lakhs has been proposed.

The grant for the Electric Department includes provision for the completion of the Seventh Installation Works and the new work of Transmission Line to Thippagondanahalli. Provision has been made for the electrification of several mofussil towns, the Municipalities of which have guaranteed interest on capital and also for expansion under Interior Power and Lighting.

APPENDIX H.—*contd.*

A provision of Rs. 5 lakhs is made for the new Bangalore Water Supply Project which is in progress.

Under Industrial or other works, an aggregate provision of Rs. '99 lakh has been made for the following items of work :—

For buildings and machinery in the Sandal Oil Factory	...	'30
Central Industrial Workshop, Additional equipment	...	'09
Weaving Factory, for installation of the Silk weaving plant	...	'30
Porcelain Factory	...	'10
Soap Factory—minor works	...	'20
Total	...	'99

Under Iron Works, a sum of Rs. one lakh is provided for Miscellaneous Capital expenditure. The question of undertaking the manufacture of steel is still under consideration.

Depreciation Fund Works.

40. A grant of Rs. 6'97 lakhs as per details given below has been made for Depreciation Fund Works in the Railway and Electrical Departments and also for the Sandal Oil Factory and K. G. F. Water Works.

	In lakhs of rupees.
Railways excluding works on the Bangalore-Chikballapur and District Board Railway lines	3'00
Electrical Department	2'95
Sandal Oil Factory	'75
K. G. F. Water Works	'27
Total	6'97

The expenditure in the Railway Department will be met from the contribution made from the year's revenue but as regards the rest, the works will be financed from the accumulated balances at the credit of the funds, as owing to the shrinkage in the State's revenue receipts no appropriation has been made for depreciation from the annual revenues of the relative departments.

Ways and Means.

41.. An abstract of the ways and means position during the current and next years compared with the accounts for the last six years is given in the following table :—

APPENDIX H.—*contd.*

[In lakhs of rupees]

Heads	Accounts						Revised	Budget
	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33
RECEIPTS.								
Surplus	Rs. 34	Rs. ..	Rs. 41	Rs. 56	Rs. 06	Rs. ..	Rs. ..	Rs. ..
Interest on Mysore Railway Loan Sinking Fund Investments.	5.00	5.01	5.01	5.01	5.01	5.01	5.10	5.05
Capital not charged to revenue (Contribution by District Boards for construction of railways.)	2.70	3.52	4.48	0.09	0.26	15.99	1.19	1.17
Debt	...	...	8.67	...	...	323.87	...	...
Unfunded debt (<i>viz.</i> Savings Bank deposits, etc.)	33.41	22.09	41.44	52.48	45.32	...	27.41	24.84
Investments	...	...	2.78	...	32.05	...	110.56	8.72
Reserve funds (<i>net</i>)	...	29.39	27.94	35.09	9.83	...	19.67	18.31
Other heads	48.89	23.44	7.74	16.05	3.99	176.84	11.88	2.04
Total	84.84	83.45	88.51	109.28	96.57	521.71	174.34	59.18
Heads	Accounts						Revised	Budget
	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33
DISBURSEMENTS.								
Deficit	...	8.71	...	...	...	61.94	18.57	9.88
Capital outlay not charged to revenue.	28.01	28.49	68.51	3.02*	80.22	92.90	70.14	38.74
Extraordinary expenditure	...	...	...	89.83	...	...	...	...
Commutation of Pensions (<i>net</i>)	...	...	1.62	2.90	1.08	0.43	...	...
Investment accounts	85.12	31.65	...	18.99	...	115.57	...	...
Debt	...	...	...	...	0.08	...	92.49	4.83
Unfunded debt	...	...	...	...	...	38.16	...	...
Local and other funds	10.60	5.65	11.57	1.14	9.78	4.58	...	1.37
Other heads (<i>net</i>)	22.53	15.04	9.40	16.81	11.42	158.20	27.33	1.43
Total Disbursements	96.26	89.54	91.10	126.65	102.58	471.78	208.53	56.25
Net Outgoings—or incomings +	-11.42	-6.09	-2.59	-17.37	-6.01	+49.93	-33.71	+2.88
Opening Balance	100.00	88.58	82.49	79.90	62.53	56.52	106.45	72.76
Closing Balance	88.58	82.49	79.90	62.53	56.52	106.45	72.76	75.64

*The minus figure is due to the writing-off of capital outlay of the Iron Works as per G. O. No. D. 1346-7-I. W. 14-27-6, dated 11th July 1929.

APPENDIX H.—*contd.***Assets and Liabilities.**

42. The usual statement showing the Assets and Liabilities of the State as on 1st July 1931 and as they are expected to stand on 30th June 1932 and 30th June 1933 according to the Revised Estimates of 1931-32 and the Budget of 1932-33 respectively is attached to the Memorandum. *Vide* annexure IV.

43. The effective capital expended on Productive works *i.e.*, those which are undertaken as remunerative works, to end of June 1933 will amount to Rs. 1,506 lakhs. The income anticipated from these works is Rs. 61.79 lakhs. After meeting the interest and sinking fund charges aggregating Rs. 56.20 lakhs, they leave a surplus of Rs. 5.59 lakhs, as explained in Annexure V. Besides this income, the State is realising annually a sum of Rs. 5 lakhs as the interest on the accumulated Sterling Loan Sinking Fund, which is being appropriated towards capital expenditure. Thus a total sum of Rs. 10 lakhs is made available from the earnings of capital works and financial investments for the annual needs of the Administration.

44. The statement (annexure IV) does not show all the assets of Government in the sense in which the term is used in commercial undertakings. Government have valuable assets in the shape of land, forests, buildings—residential and non-residential—workshops, factories, stock and stores, irrigation works constructed out of revenue, etc., which a commercial firm would include in the statement of assets, but which it is not considered necessary to incorporate in the statement. It is intended only to give a general idea as to (i) how far the various items of assets and liabilities have been affected as a result of the year's transactions, (ii) the extent to which the State is in debt as compared with its resources, (iii) how far the debt is covered by assets of a capital nature, and (iv) whether the State has sufficient cash balance to carry on the administration smoothly throughout the year. It may be mentioned that the capital value of residential buildings under the administrative control of the Public Works Department was Rs. 25,54,792 at the end of June 1931.

APPENDIX H.—*contd.*

45. The public loan liabilities of the State including the Shimoga District Board Railway Loan are estimated to stand at Rs. 745·10 lakhs at end of 1932-33 as per details given below :—

			In lakhs of Rupees.
5½ per cent Mysore State conversion Loan of 1929-44			7·74
6½ per cent Loan of 1940	...	...	119·35
6½ per cent Loan of 1941-51	...	...	30·50
5 per cent New Loan 1955	...	..	163·44
5½ per cent New Loan 1938	...	...	260·12
Shimoga District Board Railway Debenture Loan	..		3·33
Total			584·48
M. & S. M. Railway Sterling 4 per cent Debenture not redeemable till 1936	...	...	160·62
Total			745·10

46. The Railway Sterling Loan Sinking Fund built up by the State amounts to Rs. 124·65 lakhs. The State has also purchased Southern Mahratta 4 per cent Debenture Stock of the face value of about Rs. 72·25 lakhs and in view of this, the sterling debt, which, it may be added, is redeemable only at the option of the Government, is fully covered.

47. As regards the Rupee Loans, Sinking Funds for repayment of the 6½ and 6½ per cent bonds issued in 1920-21 and 1921-22 and the 5½ and 5 per cent loans floated in 1930-31 have been formed and the fund has amounted to Rs. 73·29 lakhs. Taking all liquid resources into account the net indebtedness of the State is about 5·12 crores of rupees. For the extinguishment of the debt, provision is being made in the revenue account.

BANGALORE, }
25th May 1932. }

B. SREENIVASA IYENGAR,
Secretary to Government,
Financial Department.

APPENDIX H.—*contd.*

ANNEXURE I.

S. O.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF
MYSORE.

FINANCIAL DEPARTMENT.

G. O. No. FL. 4874-923—G. F. 136-31-1, DATED 29—30TH DECEMBER 1931

Retrenchment Committee.

Passes general orders on the recommendations of the—

READ—

1. Government Order No. 3614-73—C. B. 142-30-1, dated 17th March 1931, appointing a Committee under the Chairmanship of *Rajadharmapravina Diwan Bahadur* Mr. K. S. Chandrasekhara Aiyar, to examine the possibilities of effecting economies in expenditure and of improving revenue and to suggest ways and means for stabilising the financial position generally.

2. Letter No. FL. Ret. 285, dated 12th August 1931, from the Chairman, submitting the final report of the Committee.

ORDER NO. FL. 4874-923—G. F. 136-31-1 DATED 29—30TH
DECEMBER 1931.

In the latter part of the year 1930-31, Government found that the position of equilibrium between Revenue and Expenditure anticipated in the budget estimates of the year had been disturbed by a substantial decline under some of the important heads of revenue, due to the prevailing trade depression; and as there appeared to be no near prospect of any material improvement in the position, they decided to adopt all possible measures for the speedy restoration of the condition of balance. In view of the importance of the problem, it was considered desirable to have it thoroughly examined by a Committee of official and non-officials and obtain their recommendations for its solution. Accordingly in G. O. No. 3614-73—C. B. 142-30-1, dated 17th March 1931, a Committee was constituted as follows:—

CHAIRMAN.

Rajadharmapravina Diwan Bahadur Mr. K. S. Chandrasekhara Aiyar, B.A., B.L., Retired Chief Justice of the High Court of Mysore.

MEMBERS.

The Revenue Commissioner in Mysore.

The Chief Secretary to Government.

The Financial Secretary to Government.

Mr. K. T. Satyanarayana Setty, Member, Representative Assembly and Legislative Council.

Mr. D. H. Chandrasekharaiya, B.A., LL.B., Member, Legislative Council.

Mr. H. G. Dasappa, B.A., LL.B., Member, Representative Assembly and Legislative Council.

Mr. B. Sreenivasa Iyengar, Member, Representative Assembly.

APPENDIX H.—*contd.*

2. The Committee was requested to explore all possibilities of effecting economies and of improving revenue, to ascertain the excess of the present standard of expenditure over revenues, to consider what part of the excess should be regarded more or less as of a permanent nature, and to suggest ways and means for stabilising the financial position.

3. The Committee commenced its formal sittings on the 8th April 1931, and held twenty-seven meetings, and its investigation extended over a period of four months. The Final Report of the Committee was received on the 12th August 1931 and was immediately published for general information. The Committee, however, kept Government informed, in the form of *interim* resolutions, of its conclusions as it reached them. This procedure was of great assistance to Government in framing the Budget Estimates of the current year.

4. The Committee made a comprehensive review of the State's finances and discussed the possibilities of retrenchment and development of revenue with the Heads of Departments. Suggestions were also invited from non-official gentlemen. After a detailed examination of all the material available, the Committee arrived at the following conclusions: that the level of expenditure was in advance of the standard of revenue by about half-a-crore of rupees, that this disequilibrium was attributable chiefly to the considerable and, in some instances, sudden decline which occurred under several major heads of revenue, as a result of the world-wide economic depression, that the scope for improving revenue resources was limited, and that the best way of balancing the budget was by reducing the level of expenditure.

The general position is described by the Committee in the following words:—

“While it may with justification be hoped that the economic depression will not continue indefinitely, and that with an amelioration of general conditions and a revival of trade as well as the stabilisation of prices, there will be an eventual improvement in the principal heads of State Revenue, including the earnings from Railways, no marked change in this direction can, with any confidence, be looked for during the next two or three years. It is safe to anticipate that a considerable proportion of the fall in revenue, say about one-half, is likely to persist.”

5. The Committee's proposals to cover the deficit comprised, firstly, retrenchments in expenditure to the extent of about Rs. 48½ lakhs in a full year, and secondly improvements in revenue resources of about Rs. 4½ lakhs.

6. The recommendations in regard to additional revenue are the following:—

(i) *Forest*.—Enhancement of the levy of seigniorage from eight annas to ten annas on cart-loads of green and dry fuel removed from the forests, estimated to yield Rs. 25,000.

(ii) *Income-tax*.—A moderate enhancement in the rates of income-tax with a view to increasing the revenue under this head by about Rs. 2½ lakhs.

(iii) *Stamp and Registration*.—Withdrawal, wholly or partially, of exemptions from payment of Stamp duty and registration fees in respect of certain classes of transactions, expected to yield Rs. 25,000.

(iv) *Medical*.—Levy of fees from out-patients treated in hospitals in all District Headquarter towns, estimated to bring in Rs. 6,000 per annum and

(v) *Education*.—Re-imposition of fees in English Middle Schools, realising rupees one lakh.

APPENDIX H.—*contd.*

Excepting the last item, which was dropped in deference to the wishes of the Representative Assembly, at the June Session 1931, the rest of the suggestions have been substantially accepted by Government and action has already been taken to give effect to them as detailed in Annexure I of this order.

7. As regards retrenchment generally, the bulk of the recommendations of the Committee submitted in the form of *interim* resolutions were considered by Government during the preparation of the current year's Budget, and reductions in expenditure grants to the extent of about Rs. 31½ lakhs were effected in the Budget Estimates of the year. (*Vide Annexure II*). After the issue of the Budget and on receipt of the Final Report of the Committee, Government dealt with the rest of the recommendations. The several orders passed by Government from time to time have been published in the *Mysore Gazette* and also placed at the disposal of the Press. A list of these, with the amounts of retrenchment effected, is appended to this order as Annexure III. The total reduction made in departmental grants amounts to about Rs. 48½ lakhs, Rs. 11½ lakhs, by savings on the Working Expenses of Concerns shown on the Receipt side and Rs. 37 lakhs under heads of charges on the Expenditure side.

8. It is not necessary to make any detailed reference here to the several retrenchment proposals and the action taken on them, as they are either evident from a comparison of the Revised Estimates of last year with the budget estimates of this year, or are explained in the separate orders issued on them. Government have accepted a very large number of the Committee's suggestions. In some cases, however, it was not found possible to adopt, wholly or partially, their recommendations, but Government have effected corresponding savings by having recourse to alternative measures of economy.

9. The specific proposals made in the Report have all been dealt with. The Committee has made certain general recommendations and observations such as, the amalgamation of districts, abolition of sub-taluks, introduction of uniform rates of pay in all departments. These are recommendations which involve important questions of policy. Immediate action in respect of them does not seem to Government either practicable or desirable. They will, however, be kept in view for such consideration as circumstances may render necessary or desirable in the future.

10. The Committee has prepared a standard budget based on the acceptance of all its recommendations. This budget is prepared in two parts—Part I, comprising ordinary revenues as well as service and departmental expenditure and Part II, interest on financial investments and net receipts from productive works as well as the interest payable on Debt and other obligations and the contribution to the Loan Sinking Fund.

11. The Committee has observed that, for a proper appreciation of the budgetary position in each year, it is desirable that a separate account of the transactions relating to productive works and financial investments should be prepared. The main object of this suggestion is to bring out clearly the financial results of capital works and other investments and to see how far they are really remunerative. Government accept this suggestion and direct that commencing from next year, a *pro forma* account on the lines indicated by the Committee be prepared by the Comptroller and submitted to Government along with the Budget.

12. The Committee has also suggested that in preparing the annual budgets provision should be made for contributing to the following reserves, besides the Loan Sinking Fund and Depreciation Reserves:—

(1) A special reserve for non-recurring expenditure to finance individual unexpected items of magnitude above Rs. 20,000, the maximum annual contribution being fixed at Rs. 2 lakhs.

APPENDIX H.—*contd.*

(2) Out of the surplus remaining under Part II of the budget, a portion not exceeding Rs. 5 lakhs to be credited as a Reserve for interest on capital expenditure.

The Standard Budget prepared by the Committee anticipated a surplus of Rs. 4.47 lakhs. The Committee considered that for the provision of the two reserves above referred to, a total surplus of Rs. 7 lakhs under both parts of the budget had to be secured, and that this position could be attained within a period of two or three years. The Committee added, however, that till the full level of the required surplus was attained, the formation of one or the other of the reserves mentioned above, or in the alternative, the contribution now being made to the Electrical Depreciation Fund, might be suspended temporarily for a maximum period of three years.

13. Government agree with the Committee that it is desirable to improve the financial position so as to permit of annual contributions being made to the two reserves recommended by it. So far as the contribution to the special reserve is concerned, it has already been decided to credit to this reserve the excess over five years' average of net receipts from sales of Sandal oil, but it has not so far been possible to give effect to this decision. The formation of this or the other reserve, mentioned by the Committee, depends on a general improvement of the financial position. The course of events since the Committee concluded its labours has upset its anticipations of revenue, and it has therefore become necessary to go still further and effect more retrenchments, including a cut in salaries, than were recommended by the Committee for restoring budgetary equilibrium. In view of this situation, it is not possible to give immediate effect to the suggestions of the Committee for the formation of the reserves above referred to, but they will be kept in view for necessary action in due course.

14. The Committee has commented on the heaviness of the Public Debt and suggested that there should be no further resort to public borrowing for at least a term of years. It has also observed that all future programmes of capital works should be carefully scrutinised with reference to their productive character, and that the annual outlay on such works should be limited to a maximum of Rs. 40 lakhs or such lesser amount as may be available out of the annual accretions to savings bank deposits, insurance and other funds, after the prescribed proportions thereof are duly invested under the orders in force. Government agree with the Committee that the remunerative character of capital works proposed to be undertaken and the contraction of debts for financing them should receive the most careful consideration. The capital expenditure has been heavy in recent years mainly because of the undertaking of certain large works, like the Krishnarajasagara Works and the New Bangalore Water Supply Project. For constructing works of such magnitude, special financing arrangements are necessary. In meeting the ordinary annual requirements of capital works, the limit and source suggested by the Committee will, as far as possible, be adopted.

15. In dealing with the question of stabilisation of the financial position the Committee has referred to the necessity for adequate safeguards for maintaining financial equilibrium and for securing a certain measure of independent financial scrutiny and advice. It is suggested that no proposal for fresh or additional expenditure, whether it be on account of a new work of some magnitude or the undertaking of a new form of activity or the expansion of an existing activity involving additional expenditure, or a material revision of establishment, should be sanctioned until such proposal has been referred to

APPENDIX H.—*contd.*

and considered by an independent Standing Committee constituted for the purpose and consisting of both officials and non-officials. Proposals for reappropriation of budget grants of, or exceeding Rs. 20,000 in amount may also, it is suggested, be placed before such a Body.

16. Government wish to point out that under the existing constitution there is a Standing Committee for Finance and Taxation consisting of elected representatives of the Legislative Council and the Representative Assembly and the consideration of the following matters comes within the purview of the Committee :—

1. Budget ;
2. Measures of taxation ;
3. Proposals for improving the State's finances ;
4. Proposals for retrenchment ;
5. In addition to the foregoing subjects the following may also be placed before the Committee whenever Government deem it desirable to do so :—
 - (i) Reports of Special Committees appointed by Government, coming within the purview of the Standing Committee ;
 - (ii) Annual Reports ;
 - (iii) Bills relating to matters within the purview of the Committee ;
 - (iv) Any question of policy on which it is considered desirable to consult the Standing Committee.

17. In view of its constitution and the scope of its functions, this Standing Committee is the appropriate body for advising Government on matters referred to by the Retrenchment Committee. Government agree in the view that it is desirable to obtain the views of the Finance and Taxation Committee on important financial measures, and arrangements will be made for reference to the Committee of all matters that should go before it.

18. In conclusion, Government wish to express their sense of high appreciation of the valuable services rendered by the Chairman *Rajadharmapravina Diwan Bahadur* Mr. K. S. Chandrasekhara Aiyar, and the Members of the Committee in conducting a detailed investigation into the State's finances and in offering very helpful suggestions for solving a most difficult problem. Government note the Committee's appreciation of the good work done by its Secretary, Mr. K. R. Krishnaswamy Iyengar.

B. SREENIVASA IYENGAR,

*Secretary to Government,
Financial Department.*

To—*Rajadharmapravina Diwan Bahadur* K. S. Chandrasekhara Aiyar,
ESQ., B.A., B.L., Chairman, Mysore Retrenchment Committee.

The Secretaries to Government.

The Heads of Departments.

The Deputy Commissioners of Districts.

The Comptroller to Government.

The Compiler, *Mysore Gazettee*.

APPENDIX H.—*contd.*

Statement showing the proposals made by the Retrenchment Committee for improvement in revenue resources and the action taken thereon.

Department	Proposals of the Committee	Action taken thereon	Reference to Government Order
Income-tax.	Enhancement in the rates of Income-tax.	Accepted	Regulation further to amend the Mysore Income-tax Regulation of 1923 issued in Notification No. P. 7978—Legis. 58-30-3, dated the 25th June 1931.
Stamps and Registration.	Withdrawal wholly or partially of exemption from payments of stamp duty and registration fees in respect of certain classes of transactions.	Accepted	G. O. No. D. 309-10—C. S. 3-31-2, dated the 15th July 1931. Notification No. 311—C. S. 3-31-3, dated the 17th July 1931 Notification No. D. 316—C. S. 3-31-4, dated the 17th July 1931. Notification No. Fl. 1869—St. 7-31-7, dated the 16th September 1931. Notification No. Fl. 1963—Regis. 11-31-1, dated the 24th September 1931. G. O. No. Fl. 1893—Regis. 5-31-3, dated the 18th September 1931. G. O. No. Fl. 1896—Regis. 5-31-4, dated the 18th September 1931.
Do	Revision of the rates of stamp duty on on-demand promotes.	Accepting the proposal of the Committee, Government placed a statement before the R. A. at the October Session for taking necessary legislative action. The question is under further examination, with reference to discussion in the October (1931) Session of the R. A.	Vide G. O. No. Fl. 2621-32—St. 13-31-1, dated the 6-7th October 1931.
Medical	Levy of Hospital fees from out-patients in all District Headquarter Towns in the State.	Accepted	G. O. No. G. 4122-75—Med. 316-30-18, dated the 20th November 1931.
Education.	Re-imposition of fees in English Middle Schools.	Dropped	
Forest	Enhancement of the levy of seigniorage from eight annas to ten annas on cart-loads of green and dry fuel from the forests.	Under consideration.	
	Enhancement of game license fees.	Under consideration.	New Game Rules issued in Notification No. G. 12330—Ft. 85-30-7, dated 16th June 1931.
	Levy of seigniorage on firewood supplied to Iron Works.	Accepted	
Land Revenue.	Expansion of cultivation by releasing Amrut Mahal Kaval lands and Date Reserves by the system of working selected date blocks by periodical rotation.	This is practically in accordance with the accepted policy of Government and action in this direction is being taken experimentally in a few places.	

APPENDIX H. *contd.*

Statement showing the retrenchments recommended by the Committee and effected in the budget for 1931-32 and thereafter.

Retrenchments recommended by the Committee	Amount	Retrenchment effected in the budget 1931-32	Amount of retrenchment effected by subsequent orders	Total
	Rs.	Rs.	Rs.	Rs.
1. Land Revenue ...	50,340	17,000	1,000	18,000
2. Survey and Settlement ...	78,696	43,800	85,700	59,500
3. Forest ...	3,81,441	2,03,000	1,43,000	3,46,000
4. Excise ...	21,680	20,000	7,900	27,900
5. Income-tax ...	6,720	3,000	5,000	8,000
6. Stamps ...	590	17,000	7,900	24,900
7. Pegistration ...	4,280	...	6,300	6,300
8. Supervision of Mines ...	2,400	...	...	...
9. General Administration ...	1,20,808	69,600	38,700	1,19,300
10. Comptroller's Office ...	35,211	15,400	6,700	22,100
11. Muzrai ...	5,910	5,000	100	5,100
12. Geology ...	7,000	5,900	1,540	7,440
13. Museum ...	2,000	100	2,000	2,100
14. Census ...	...	...	16,000	16,000
15. Stationery and Printing ...	99,347	78,000	21,500	99,500
16. Judicial ...	26,885	24,000	9,050	33,050
17. Jails ...	11,995	10,000	...	10,000
18. Police ...	1,00,715	...	63,000	63,000
19. Medical ...	1,32,239	26,000	24,220	50,220
20. Public Health ...	27,686	...	10,800	10,800
21. Public Works ...	5,50,000	5,50,000	4,11,700	9,61,700
22. Economic Development ...	87,000	1,00,000	...	1,00,000
23. Education ...	3,48,873	1,26,000	1,30,400	2,56,400
24. University ...	2,25,000	1,47,000	78,000	2,25,000
25. Agriculture ...	1,05,861	29,300	...	...
26. Gardens ...	41,320	29,200	53,300	2,33,700
27. Civil Veterinary ...	1,81,875	76,700	...	...
28. Amrut Mahal ...	4,510	45,200	...	...
29. Sericulture ...	25,121	10,600	6,000	16,600
30. Industries and Commerce ...	1,46,087	27,000	12,600	39,600
31. Co-operative Societies ...	34,966	9,000	5,500	14,500
32. Grants for Public Improvements ...	1,48,683	3,12,000	2,000	3,14,000
33. Kunigal Stud Farm ...	45,000	13,800	...	13,800
34. Electrical ...	5,48,680	4,58,100	21,500	4,79,600
35. Krishnarajasagara Irrigation (Revenue Account) ...	22,400	16,000	15,000	31,000
36. Railways ...	4,75,600	4,71,000	1,70,000	6,41,000
				capital
Total ...	41,05,298	29,69,700	12,86,410	42,56,110
				capital
Army (excluding Kunigal Stud Farm.)	1,65,200	1,65,200	59,900	2,25,100
Estimated additional savings under travelling allowances due to reduction of rates.	3,00,000	...	3,00,000	3,00,000
Estimated savings under duty and other allowances.	1,00,000	...	1,00,000	1,00,000
Estimated savings by reduction of ministerial and menial establishment.	2,00,000	...	...	...
Total ...	48,70,498	31,34,900	17,46,810	Rev. 48,81,210
	...	...	...	Capital 3,44,000

- APPENDIX H.—*contd.*

List of orders sanctioning retrenchments.

Name of Department	Government Order Number and date	Particulars	Amount
1 Land	No. R. 1535—L. R. 186-31-2, dated 30th September 1931.	Approving of the proposal of the Revenue Commissioner to surrender Rs. 1,000 on account of phod charges.	Rs. 1,000
2 Revenue Survey and Settlement.	No. 189-243—C. B. 18-31-2, dated 9—10th July 1931.	Abolishing the separate post of Superintendent, Revenue Survey and Settlement from 9th July 1931.	13.2 0
	No. R. 854-55—L. S. 41-30-9, dated 29th—31st July 1931,	Approving certain changes suggested by the Survey Superintendent.	
	No. R. 2144-46—L. S. 18-31-5, dated 17th November 1931.	Combining the District Survey Offices of Tumkur and Chitaldrug Districts.	2,500
3 Forest	No. G. 76-7—Ft. 301-30-5, dated 3rd July 1931.	Passing orders on the Retrenchments in the Forest Department.	10,000
	No. G. 3206-7—Ft. 301-30-14, dated 14th October 1931.	Sanctioning further retrenchments in the Forest Department.	1,33,000
4 Excise	No. Fl. 9346-9—Ex. 78-30-12, dated 20th June 1931	Sanctioning reallocation of Excise work and staff consequent on the abolition of District Excise Officer's post in Shimoga District.	2,900
	Appendix P of the Budget.		
	No. Fl. 9266-8—Ex. 78-30-11, dated 17th June 1931		
	No. Fl. 9863-6—Ex. 88-30-4, dated 30th June 1931 and	Passing orders on the proposals of retrenchment in the Excise Department.	5,000
	No. Fl. 2481-5—Ex. 40-31-4, dated 5—6th October 1931.		
5 Income-tax	No. Fl. 620-21—I. T. 43-30-2, dated 21st July 1931.	Abolishing the post of Assistant Commissioner of Income-tax.	5,000
	No. Fl. 3038-40—I. T. 20-31-6, dated 30th October 1931.	Passing orders on the proposals for retrenchments in the Income-tax Department.	
6 Stamps	Appendix P of the Budget and	Re-reduction of cost of water-maked paper.	7 900
	No. Fl. 3223-33—St. 13-31 3, dated 5—6th November 1931.	Ordering the reduction of rates of discount payable to stamp vendors.	
7 Registration	No. Fl. 9332-5—Regis. 18-30-1, dated 19th June 1931 and	Re-conversion of special Sub-Registry Offices at Alur and Holalkere into <i>Ex-officio</i> ones.	3,500
	Appendix P of the Budget.		
	No. Fl. 2634-5—Regis. 5-31-8, dated 7th October 1931.	Passing orders on the proposals for retrenchments in the Registration Department.	2,800
8 Mines	No. Fl. 2889-91—G. F. 76-31-7, dated 17th—19th October 1931.	Passing orders on the proposals relating to retrenchments in the Department of Mines.	...
9 General Administration.	No. D. 4464-4514—C. B. 177-30-1, dated 30th May 1931.	Abolishing the post of Legal Remembrancer and Secretary to Government, Law Department.	15,900
	No. Fl. 1719—G. F. 49-31-3, dated 9th December 1931.	Abolishing the post of Under Secretary Finance (saving taken into account in the budget.)	
	No. 339-40—C. R. B. 2-31-1, dated 13th July 1931 (Appendix P of the Budget Estimates.)	Abolishing the post of a clerk and peon of the Central Recruitment Board.	
	No. O. 3640—O. E. 105-30-1, dated 6th May 1931.	Abolishing the posts of Personal Assistants to Members of Council.	
	No. 1051-2—O. E. 95-30-9, dated 13th June 1931.	Ordering retrenchments in the establishment of the Government Tent Stores.	
	No. G. 12543-51—G. M. 128-30-1, dated 23rd June 1931.	Ordering the discontinuance of the Scheme of Revenue Audit and Inspection of Office Systems.	

APPENDIX H—contd.

Name of Department	Government Order Number and date	Particulars	Amount
			Rs.
	No. G. 1117-25—O. E. 26-31-2, dated 30th October 1931.	Passing orders on the recommendations for retrenchments in the General and Revenue Secretariat.	22,800
10 Comptroller's Office.	No. Fl. G. 18-19—G. F. 86-31-1, dated 24th—26th October 1931.	Passing orders on the proposals for retrenchments in the Comptroller's Office.	6,700
11 Muzrai	No. 507-8—Muz. 84-31-1, dated 6th October 1931.	Passing orders on the proposals for retrenchments in the Muzrai Department.	100
12 Geology	No. D. 11240-41—Geol. 96-30-6, dated 23rd June 1931.	Ordering certain cuts in travelling allowance, etc., of the Geological Department.	
	No. Fl. 28286-8—G. F. 76-31-9, dated 17th October 1931.	Passing orders on the proposals relating to retrenchments in the Geological Department.	1,540
13 Museum	No. G. 1998 9—G. F. 70-30-5, dated 6th June 1931.	Directing that the provision for purchase of specimen be reduced.	2,000
13 A. Census	No. G. 2318-19—Census, dated 14th September 1931.	Directing that a sum of Rs. 16,000 be surrendered in the grants.	16,000
14 Stationery and Printing.	No. G. 2521-5—P. & S. 22-31-2, dated 23rd September 1931.	Directing reduction to be effected in the budget grants of Stationery and Printing.	
	No. 3097-8—P. & S. 22-31-3, dated 13th October 1931.	Sanctioning retrenchments in the Piece work staff of the Central Press.	21,500
15 Judicial	No. Fl. 7-16—G. F. 53-31-1, dated 22nd—23rd October 1931.	Passing orders on the proposals for retrenchments in the Judicial Department.	7,210
	No. C. 1-3—Cts. 74-31, dated 26th October 1931.	Approving of the proposals of the High Court for the temporary abolition of 2nd Class Magistrate's Court at Tarikere.	1,840
16 Jails	No. 3078-9—Med. 303-29-13, dated 13th October 1931.	Passing orders on the proposals for retrenchments in the Jail Department.	...
17 Police	No. P. 1011-22 (1) Pol. 207-30-9, dated 15th August 1931.	Sanctioning the reorganization of the Police Department.	63,000
18 Medical	No. G. 12667 9—Med. 316-30-9, dated 26th June 1931.	Reducing the number of scholarships to Midwives and Dayees under training.	1,440
	No. G. 1536-8—Med. 316-30-16, dated 18—20th August 1931.	Directing reduction in the grant for "diet" under various Hospitals.	7,780
	No. G. 1680-5—Med. 157-30-9, dated 24th August 1931.	Ordering the abolition of certain Mahad Improvement Dispensaries.	15,000
	No. Fl. 3279-31—G. F. 94-31-1, dated 7th November 1931.	Passing orders on further proposals for retrenchment in the Medical Department.	...
19 Public Health...	No. G. 12352-8—San. 80-30, dated 4th June 1931.	Sanctioning reductions in the provision made in the Public Health Department.	10,400
	No. Fl. 3418-21—G. F. 101-31-4, dated 18th November 1931.	Passing orders on the proposals for retrenchments in the Public Health Department.	400
20 Public Works ...	No. Fl. 3-6—G. F. 84-31-1, dated 21st—23rd October 1931.	Passing orders on the proposals for retrenchments in the Public Works Department.	
	No. 513-50—1652-9, dated 8th October 1931.	Passing orders on the proposals for retrenchments in the Krishnarajasagara Irrigation Works outlay.	4,11,700
21 Education	No. E. 2150—Edu. 396-20-13, dated 16th June 1931.	Approving of the reduction in the value of stipends in the Central Institute for Defectives.	120
	No. E. 16-17—Edu. 175-30-20, dated 1st July 1931.	Reducing the grant to Technical Institution, etc.	1,500
	No. E. 259-60—Edu. 396-30-25, dated 14th July 1931.	Abolishing the post of Lady Assistant to the Director of Public Instruction.	5,000

APPENDIX H.—*contd.*

Name of Department	Government Order No. and date	Particulars	Amount
	No. E. 101-2—Edn. 396-30-22, dated 6th July 1931.	Reducing the value of stipends to private students in the Training Institutions.	Rs. 9,250
	No. 263-4—Edn. 396-30-28, dated 14th July 1931.	Approving of the proposal of the Director of Public Instruction for abolishing 217 adult night schools.	15,000
	No. E. 337-8—Edn. 396-30-32, dated 21st July 1931.	Sanctioning the proposals of the Director of Public Instruction for abolishing the posts of Women Inspectresses of Kan-nada Girl's Schools.	7,050
	No. E. 1493-4—Edn. 396-30-61, dated 15th October 1931.	Ordering the discontinuance of grant of scholarships to Depressed class students.	16,000
	No. E. 614—Edn. 396-30-36, dated 7th August 1931.	Sanctioning the proposals of the Director of Public Instruction for the retrenching of the provision under boarding and other charges of the Adikarnataka Schools.	9,255
	No. E. 697-18—Edn. 396-30-38, dated 8th August 1931.	Reducing the allowance of the Warden of the Vani Vilas Hostel from Rs. 50 to 25.	275
	No. 317-18—Edn. 396-30-12, dated 12th August 1931.	Directing among other things the abolition of the post of Personal Assistant to the Director of Public Instruction.	3,400
	No. E. 1214—Edn. 396-30-56, dated 25th September 1931.	Directing that the two posts of Inspectors of Physical Education be not filled up.	1,650
	No. E. 1689-90—Edn. 318-30-25, dated 4th November 1931.	Reducing the allotment made for subsistence allowance and stipends to the students of the Engineering School.	13,100
	No. E. 1075-76—Edn. 318-30-2, dated 8th September 1931.	Approving of the proposal of the Director of Public Instruction for retrenching the provision for free supply of books and slates to Depressed Class Children.	1,500
	No. E. 336—Edn. 396-30-42, dated 20th August 1931.		
	No. G. 3202-3—G. M. 56-31-1, dated 14th October 1931.	Reducing the grant to Mythic Society from Rs. 100 to Rs. 50 per mensem.	600
	No. E. 1411—Edn. 396-30, dated 8th October 1931.	Directing further reductions in the provisions of the Education Department.	46,700
University ...	No. 1275—Uni 57-31-2, dated 1st October 1931.	Deciding to reduce the University grant to 9.5 lakhs.	78,000
22 Agriculture ...	No. D. 822-89—A. & E. 64-30-14, dated 16—17th July 1931.	Directing the amalgamation of the Live Stock and Amrut Mahal Department.	...
	No. Fl. 3410-12—G. F. 100-31-41, dated 16—17th November 1931.	Passing orders on the proposals for the retrenchments in the Agricultural Department.	44,000
	No. E. 1756-8—G. G. 71-30-16, dated 7th November 1931.	Passing orders on the retrenchment and surrenders in the Budget of the Gardens Department.	9,300
	No. Fl. 2895-7—G. F. 76-31-5, dated 17—19th October 1931.	Passing orders on the proposals relating to retrenchments in the Sericultural Department.	6,000
23 Industries and Commerce.	No. Fl. 2892-4—G. F. 76-31-4, dated 17—19th October 1931.	Passing orders on the proposals for retrenchments in the Industries and Commerce Department.	12,600
	No. D. 10244-6—I. & C. 303-50-2, dated 11th May 1931.	Reducing charges under Workmen's Compensation establishment.	
24 Co-operative Societies.	No. D. 617-19—C. S. 128-30-8, dated 29—30th July 1931.	Abolishing the post of an Assistant Registrar of the Chitaldrug Division and certain menial establishment.	2,500

APPENDIX H.—*contd.*

Name of Department	Government Order No. and date	Particulars	Amount
			Rs.
	No. 620—C. S. 128-30-9, dated 29-30th July 1931.	Directing further retrenchments on account of the abolition of the post of Assistant Registrar, Chitaldrug Division.	3,000
25 Grant for Public Improvement.	No. D. 1486-7—C.S. 128-30-15, dated 3rd-4th September 1931.	Reducing the provision under contingencies.	2,000
26 Military ...	No. L. 9549—V. P. dated 1st June 1931 (App. P of the Budget).	Passing orders on further retrenchments in the Military Department.	59,900
27 Electrical Department.	No. Fl. 2863-5—G F. 75-31-2, dated 15-16th October 1931.	Ordering certain retrenchments in the Gazetted ranks of the Electrical Department.	21,500
	No. 7. E. D. S. dated 2nd July 1931.	Passing orders on the proposals for retrenchments in the Electrical Department.	15,000
28 Krishnarajasagara.	No. E. D. S. 226, dated 18th August 1931.	Passing orders on the proposal for retrenchments in the Krishnarajasagara and Irrigation Works Outlay.	9,000
29 Railways ...	No. 543-50—1652-59, dated 8th October 1931.	Abolishing the post of Personal Assistant to the Agent and Secretary for Railways and of the Office Assistant to the Superintendent, Ways and Works.	1,61,000
	No. R. S. 237-40—Ry. F. 153-O. L. 31-32, dated 3rd August 1931.	Passing orders on the proposals relating to the retrenchments in the Railway Department.	3,00,000
30 Miscellaneous ...	No. Fl. 3275-8—G. F. 95-31-1, dated 7th November 1931.	Revising the rates and rules of travelling allowance.	1,00,000
	No. Fl. 466-540—S. & A. 22-31-2, dated the 16th July 1931.	Issuing further instructions for effecting economies in the budget grants for 1931-32.	Not calculated.
	No. Fl. 1795-1850—G. F. 54-31-1, dated 14th September 1931.	Fixing monthly limit of travelling allowance for the several classes of Officers.	
	No. Fl. 8489-54—S. & A. 168-31-1, dated 23rd November 1931.	Passing orders on the proposals of the Retrenchment Committee in regard to duty, etc., allowances to Gazetted Officers.	
	No. Fl. 2820-70—S. & A. 123-31-1, dated 2nd October 1931.	Retrenchment in menial establishment (under consideration).	
		Total ...	12,86,410

APPENDIX H.—*contd.*

ANNEXURE II.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA
OF MYSORE.

FINANCIAL DEPARTMENT.

G. O. No. . 3081-140—G. F. 90-31-1, DATED 2ND NOVEMBER 1931.

Reduction in Salaries.

Directs as a temporary measure, a percentage——of Government Officers according to a sliding scale, with effect from 1st November 1931.

ORDER NO. FL. 3081-140—G. F. 90-31-1, DATED 2ND NOVEMBER 1931.

The Budget of the current year (1931-32) was balanced, as the result of adoption of several measures of economy. Considerable retrenchments were effected and the standard of total expenditure was reduced by Rs. 22½ lakhs as compared with the Revised Estimate for the year 1930-31. It was expected that there would be at least, a partial restoration of normal conditions and the revenue estimates were framed accordingly.

2. The actual collections in the first three months of the year have fallen below the expectation. And as the general economic position does not indicate the probability of a material improvement in the near future, the revenue outlook for the rest of the year is not hopeful. It is quite likely that the estimates under some of the Revenue Heads will prove too sanguine and that the total deficiency will be in the neighbourhood of Rs. 30 lakhs. It is therefore necessary that all possible means should be employed to reduce the position to one of balance as quickly as possible.

3. With this object in view, a close examination of the expenditure budgets of all departments has again been made and all possible reductions, not involving material changes of policy, have been effected. The savings so far made, are, however, insufficient to balance the budget. Further investigation into the possibilities of economies by contraction of the activities of departments is being conducted; but such enquiry involves financial and administrative considerations and therefore requires time. The financial situation created by the sudden and simultaneous shrinkage in the yield of several heads of revenue however, calls for prompt action and pending completion of the investigation above referred to, it has become necessary to effect a reduction in the salaries of Government Officers as one of the urgent measures for restoration of budgetary equilibrium. A general cut in salaries is an exceptional measure which could only be adopted as a temporary expedient in an emergency like that which has now arisen.

APPENDIX H.—*contd.*

4. In the circumstances stated above, Government direct that a reduction in the salaries of Government servants be made on the following sliding scale :—

- | | | |
|---|----|---------------|
| (i) Salaries not exceeding Rs. 40 | .. | No reduction. |
| (ii) Salaries exceeding Rs. 40 and up to and inclusive of Rs. 100 | .. | 5 per cent. |
| (iii) Salaries exceeding Rs. 100 and up to and inclusive of Rs. 350 | .. | 7½ per cent |
| (iv) Salaries exceeding Rs. 350 | .. | 10 per cent. |

5. The following instructions are issued for the guidance of all officers in regard to the scope of the above percentage reductions and the method of applying them :—

(a) The reductions being temporary the present sanctioned rates of pay remain unaltered. These rates will continue to be shown in salary and establishment bills and the percentage cut will be shown as a deduction to arrive at the net amount to be drawn. If the net amount thus calculated be less than what it would have been if the officer was in receipt of the maximum salary of the next lower scale, the amount of deduction representing the difference will be restored.

(b) Personal allowances, including duty allowances which are personal to the officers concerned, will be treated in the same way as salaries and be subject to the percentage reduction.

(c) Allowances other than Personal, will not be affected by this order.

(d) The leave allowances of officers will be subject to deduction in the same manner as salaries, the percentage cuts to be applied being based on the monthly amounts of such allowances.

(e) The calculation of leave allowances and of pensions and the classification of officers for purposes of travelling allowances will be based on sanctioned rates of pay without applying the reduction sanctioned in this order.

(f) The Government contribution to the Provident Funds of the Electrical, Railway and other Departments where the scheme of compulsory Provident Funds is in force, will be calculated on reduced pay during the period when the salary cut is in force: provided that option will be given to officers to contribute on the basis of unreduced salary and, if they do so, the Government bonus will be equal to such contribution.

(g) In the case of officers who have been repaying the advances obtained from Government for building or purchasing houses and for buying motor conveyances, the deductions from salary in respect of the repayment of such advances may be based on the amount of the reduced pay.

6. As regards officers whose duty or other allowances have been abolished or reduced in Government Orders Nos. Fl. 2320-70—S. & A. 123-31-1, and Fl. 2563-2620—S. & A. 123-31-3, dated 2nd and 7th October 1931, respectively, Government direct that in the case of such of them as had drawn the allowances continuously for not less than a year, the reduction in their salaries to be made under this order be limited as under :—

When the total reduction in an officer's allowance and salary exceeds 15 per cent of his total original emoluments—unreduced allowance *plus* unreduced

APPENDIX H.—*contd.*

salary—the cut in his salary will be reduced to the extent of the excess. The following illustration is given to show the working of this rule :—

Salary	Allowance	Total emolu- ments	Reduction of allowance	Salary cut	Total deduction	Fifteen per cent in total emolu- ments	Relief to be given excess over 15 per cent	Net reduction in salary
1	2	3	4	5	6	7	8	9
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
300	50	350	50	22½	72½	52½	20	2½

The partial or full exemption admissible under this rule will be allowed only so long as the officers concerned continue to perform the duties in consideration of which the allowances were originally sanctioned. If these officers receive any additions to their salaries from and after the date of this order, such additions will be subject to the percentage cut applicable to their total emoluments.

7. For purpose of levy of Income and Super taxes, it is only the net salary drawn after making the percentage reduction that should be taken into account.

8. The reduction in salary herein ordered will also apply to officers whose services are lent to Local Bodies or to the Palace and also to those whose salary is paid by the Insurance Funds—Official and Public Branches.

9. Separate orders will be issued in regard to the reduction of salaries of officers under the employ of the Mysore Iron Works.

10. This order does not apply to officers whose emoluments are fixed for specified periods under special service contracts, but it is open to such officers to offer to make voluntary reductions in their salaries at the rates mentioned in para 4 *supra*.

11. This order will take effect from 1st November 1931, and apply to salaries and leave allowances accruing from and after that date. It will be reconsidered in June 1933, or earlier, if the financial situation improves.

12. The estimated savings, as a result of reduction in salaries sanctioned in this order, will be about 6½ lakhs for a full year and about Rs. 4 lakhs during the current year.

B. SREENIVASA IYENGAR,

*Secretary to Government,
Financial Department.*

To—The Heads of Departments.

The Secretaries to Government.

The Comptroller to Government.

The Deputy Commissioners of Districts.

The Heads of other offices.

The Compiler, *Mysore Gazette*.

APPENDIX H.—*contd.*

ANNEXURE III.

Schedule of Demands for Additional and Supplementary Grants
for 1931-32 submitted to the Legislative Council.

(1931 December Session).

Head of Account	Amount	Remarks
	Rs.	
24. A. Communica- tions.	2,29,900	A sum of Rs. 2,29,900 has now been received from the Government of India as our share in the Road Development Fund formed out of the additional levy of two annas Petrol Tax. This is creditable to the Road Fund earmarked for road maintenance and development. The Budget counted on this receipt, but, pending receipt of this amount the provision required for carrying out the programme for special repairs and improvement of roads was not made in the Budget. As funds are required by the Department, the necessary appropriation has now to be made and an additional grant is accordingly applied for.
39. Industrial and other Works. 2 Soap Factory (b, Other Minor Works.	1,58,521	The purchase of a Caustic Soda Dissolver for the use of the Soap Factory at a cost of £ 100 was sanctioned in July 1929, the expenditure being chargeable to the Capital Grant of the Factory. The expenditure is reported to have been met out of the working advance of the concern and its recoupment is now asked by the Department to cope with the increased demand for the Factory produce. A General Reserve has been built up out of the profits of the Factory and the expenditure will be charged to the said Reserve. As there is no provision made in the Budget for this adjustment an additional grant to Capital is applied for.
		Rs. 1,476

APPENDIX H.—*contd.*

Head of account	Amount	Remarks
(3) Weaving and Dyeing Factory.	..	2. In May 1930, sanction was accorded to the installation of a plant for the manufacture of Turkey Red Oil at an estimated cost of Rs. 5,500 to be met out of the General Reserve of the Factory. The estimate is since revised for Rs. 7,045. The scheme is being put in hand in the current year. An additional grant is applied for to cover the appropriation from the General Reserve. Rs. 7,045 With the concurrence of the Legislative Council, the installation of a silk weaving and finishing plant was undertaken last year and a Capital grant of Rs. 1,20,000 was provided for the purpose in the Budget of 1930-31. This was expected to be spent before the close of the year and in the current year's Budget a sum of Rs. 56,000 was provided to meet the further outlay on this account. As the machinery did not arrive in time, the bulk of the last year's grant (<i>viz.</i>, Rs. 85,000) has lapsed and this has now to be revived. Besides the revival of the lapsed grant, the further demands to be met this year have after a careful examination been found to be as follows : -- Rs. (1) Construction of a building for the Dyeing Factory. 46,500 (2) Charges for additional plant 16,822 (3) Office Room, etc. ... 6,000 (4) Preliminary expenses, pay of experts, etc. ... 12,800 (5) Miscellaneous items ... 3,900 (6) Balance of the estimate of Rs. 25,050 for the Filature Building under completion ... 7,000

APPENDIX H.—*contd.*

Head of Account	Amount	Remarks
		(7) Improvements to the building to accommodate the weaving factory in the said building:—
		Motor House ... 2,000
		Shifting the filature shed ... 9,000
		Shifting and erecting basins. ... 2,000
		Bore-hole, Pump and water tank, etc. ... 7,500
		Drainage and water connection ... 1,400
		Latrine ... 500
		(8) Cost of boilers and their installation ... 19,000
		Total ... 1,34,422
		The total demand on all these accounts is Rs. 1,34,422; against this, there is a provision of Rs. 56,100 in the Capital Budget and Rs. 11,000 under Silk Filature and the balance required is Rs. 67,322.
		Including the revival of the lapsed grant, the total demand is Rs. 1,52,322 of which Rs. 10,000 is due to be paid only during the next year.
		Thus for both the filature and the weaving and dyeing sections, the total grant required will be Rs. 1,43,000 (in round figures) and adding to this a sum of Rs. 7,000 being the probable import duty on machinery, the additional grant applied for is Rs. 1,50,000.
		The works are almost complete except for the finishing of the Dyeing Factory. Arrangements are made for starting work at the Weaving Factory. The Experts for installing the Machinery and working it have arrived, and the additional grant of Rs. 1,50,000 applied for is necessary.

APPENDIX H.—*contd.*

Head of Account	Amount	Remarks
29. Industrial Loans. (a) Loans for encouragement of Industries and Commerce.	20 lakhs.	Eleven years ago, the Sri Krishnarajendra Spinning Mill was registered as a Joint-Stock Concern with a Share Capital of Rs. 40 lakhs. The Capital was oversubscribed within about a month of the publication of the prospectus inviting subscription. With a view to take advantage of the boon, quick supply of machinery was ordered when prices of machinery ruled high and the erection of the Mill with a spindleage of 25,000 was speeded up. When the Mills started business, it was found that the share capital had all been spent on fixed assets and the Company borrowed funds for working capital from the Mysore Bank. In May 1925, the Management approached Government for financial assistance, as the Bank had called up a sum of Rs. 3½ lakhs out of the funds advanced by it and the Company was unable to obtain accommodation elsewhere owing to the tightness of the money market. To help the Mill Industry to tide over the difficulty, Government agreed to afford the necessary accommodation to the Company as a temporary arrangement and guaranteed to the Bank payment of a sum of Rs. 3 lakhs. It was soon found that this accommodation was not adequate and that if further support was not given by Government, the Concern would go into liquidation. The Mills wanted about eleven lakhs of rupees as Block Loan on the security of the fixed assets, besides the advance which the Managing Agents could raise on the security of the floating assets. At this critical stage, Government entered into negotiations with the Mysore Bank and agreed in April 1926 to give a guarantee up to a

APPENDIX H.—*contd.*

Head of Account	Amount	Remarks
		maximum of Rs. 11 lakhs for a period of five years. The amount of the guarantee was raised to Rs. 13 lakhs in April 1928. Owing to trade depression and also mismanagement, the Concern has been continually working at a loss and the interest on the Block Loan has remained unpaid for about three years. The total amount due by the Mills to the Mysore Bank on the guarantee of Government amounts to about Rs. 16 lakhs. The Bank has also declined to provide the Mills with the necessary working capital and called up the guaranteed loan. Having regard to the magnitude of the interests of Government involved in the guarantee and the desirability of saving the pioneer textile industry in the Mysore City, Government have decided to take over the management of the Concern, pay to the Bank the Block Loan and provide the necessary finance for working the Concern. A sum of Rs. 16 lakhs is required for discharging the guaranteed debt and another sum of Rs. 4 lakhs as working capital, or in all, Rs. 20 lakhs. As there is no provision made in the Budget to meet this demand, an additional grant is applied for.

APPENDIX H.—*contd.*

ANNEXURE III-A.

Schedule of Demands for Additional and Supplementary Grants
for 1931-32 to be submitted to the Legislative Council.

(1932 June Session.)

Head of Account	Amount	Remarks
	Rs.	
1 Land Revenue 2 Charges of District Administration iv Record of Rights	1,73,000	In the Budget, a sum of Rs. 1,22,000 was provided for expenditure on this scheme and this was expected to be covered by the fee receipts. The revised budget of receipts and expenditure was submitted by the Revenue Commissioner in December last and it was reported that the total amount required for the scheme during the current year would amount to Rs. 3 lakhs. An additional grant of Rs. 1,73,000 is therefore required for pushing on the introduction of the Scheme in the State. Rs. 1,73,000
9 (1) Interest on debt — 12 Miscellaneous (1) Management of debt. (ii) Contingencies.	4,500	The budget of voted items under this head provides for an outlay of Rs. 16,64,500. According to the Revised, the expenditure is likely to reach 16,69,000. The excess is due to the payment of interest on overdrafts with Banks, for which no provision was made. This is an inevitable charge incidental to treasury operations and has to be admitted. Rs. 4,500
12 General Admini- stration— 2 Dewan and Mem- bers of Council— Other charges.	54,500	In the Budget of the current year, no provision could be made for meeting the expenses connected with the deputation of the Dewan to the Second Round Table Conference at London. The actual expenditure has amounted to Rs. 59,800 of which a contribution of Rs. 5,300 is expected from the Government of India. The balance of Rs. 54,500 has to be provided for by means of additional grant. Rs. 54,500

APPENDIX H.—*contd.*

Head of Account	Amount	Remarks
	Rs.	
XXVII Iron Works	1,68,000	In framing the Budget of the current year, no loss was anticipated in the revenue account of the Iron Works. But it is now reported that the works expect a loss of Rs. 1.68 lakhs in the operation account of the year and sanction to this write off is necessary. Rs. 1,68,000
23 Other advances —Advances to Coffee Cess and Experimental Station Fund.	4,21,464	The Coffee Cess and Experimental Station Fund Budget for the year 1931-32 showed a debit balance of Rs. 21,464 and this is to be met by an advance from Government. The overdraft is due partly to the fall in the revenue of the Fund and partly to increase in non-recurring items of expenditure, viz., construction of buildings and repairs as also under labour in previous year. The advance to the Fund account has to be regularised by an additional grant. Rs. 21,464
29 Industrial Loans (a) Loans for en- couragement of Industries and Commerce.	...	In the Legislative Council Session of December 1931, sanction was obtained for a grant of Rs. 4 lakhs as working capital to the Sri Krishnarajendra Mill. For urgent purchase of cotton during the season April to June 1932, the management have asked that the working capital may be raised from 4 to 8 lakhs. It is proposed to accord sanction to this as a temporary measure as provided in the cash credit agreement. Accordingly an additional grant of Rs. 4 lakhs under 30 Loans and Advances is necessary. The working capital loan will be fully covered by floating assets. Rs. 4,00,000

Statement of Assets

In thousands of Rupees

	On 1st July 1931 based on the actuals of 1930-31	On 1st July 1932 based on the Revised estimate of 1931-32	On 1st July 1933 based on the Budget estimate of 1932-33
ASSETS.			
I CASH AND INVESTMENTS—			
i. Cash balance	1,06,45	72,76	75,64
Temporary Deposits in Banks ..	88,95	30,50	...
ii. Investment Account—			
General Investment account ..	1,48,15	92,24	92,24
Loan Sinking Fund Investment account ..	75,51	79,31	1,01,09
Famine Insurance Fund Investment account	69,77	69,77	69,77
Depreciation Fund Investment account ..	41,87	41,87	41,87
Total ii ..	3,35,30	2,83,19	3,04,97
iii. Advances (a) Advances proper ..	65,60	62,30	61,17
(b) Objection Book Advances ..	6,34	5,34	5,34
iv. Loans	33,13	60,46	61,36
v. Railway Sterling Loan Sinking Fund Investment	1,24,65	1,24,65	1,24,65
Total I ..	7,60,42	6,39,20	6,33,13
II CAPITAL—			
(i) Mysore Railways	5,65,11	5,76,04	5,86,79
(ii) Krishnarajasagara Hydro-Electric and Irrigation Works	6,57,03	6,87,92	7,08,92
(iii) Industrial or Other Works ..	48,24	74,96	80,95
(iv) Iron Works	1,26,89	1,28,49	1,29,49
Total II ...	13,97,27	14,67,41	15,06,15
III Miscellaneous—			
Commutation of Pensions (Net) ...	6,03	5,84	5,33
GRAND TOTAL ..	21,63,72	21,12,45	21,44,61

H.—contd.

URE IV.

and Liabilities.

In thousands of Rupees

	On 1st July 1931 based on the actuals of 1930-31	On 1st July 1932 based on the Revised estimate of 1931-32	On 1st July 1933 based on the Budget estimate of 1932-33
LIABILITIES.			
i. Permanent Debt—			
5½% Conversion Loan of 1919-20 ..	7,74	7,74	7,74
Mysore Ry. Sterling Debenture Loan of 1886 ...	1,60,62	1,60,62	1,60,62
Mysore 6½ per cent State Loan, 1940 ...	1,19,35	1,19,35	1,19,35
Mysore 6½% State Loan of 1921 ...	30,50	30,50	30,50
Do 7% ...	1,04,60	4,60	...
The 5 per cent Mysore State Loan of 1930.	1,61,14	1,63,44	1,63,44
The 5½ Do ...	2,54,88	2,60,12	2,60,12
Shimoga District Board Railway Loan ...	3,59	3,56	3,33
Total (i) ..	8,42,42	7,49,93	7,45,10
ii. Unfunded Debt—			
Insurance Fund ..	1,21,78	1,33,43	1,45,43
Provident Funds ...	30,16	32,91	36,70
Savings Bank Current deposits ...	1,68,77	1,72,31	1,74,31
Savings Banks fixed deposits ...	44,43	55,08	62,08
Endowments and other accounts ...	12,21	11,06	11,11
Total (ii) ..	3,77,35	4,04,79	4,29,63
iii. Local and other funds ..	18,37	25,21	23,84
iv. Deposits ...	42,68	42,68	42,14
v. Reserve Funds—			
Famine Insurance Reserve ...	63,99	63,99	63,99
Electrical Works Depreciation Fund ...	63,23	59,10	56,15
Sandal Oil Factories do ...	6,67	6,37	5,62
Kolar Gold Field Water-Supply Depre- ciation Fund ...	5,52	5,29	5,02
Sinking Fund for Loans ...	73,29	95,87	1,17,65
Railway Depreciation Fund ..	72	2,57	3,07
General Reserve for Industrial concerns ...	2,12	2,02	2,02
Total (v) ..	2,15,54	2,35,21	2,53,52
vi. Miscellaneous ...	35,04	35,78	36,36
Total Liabilities ...	15,31,40	14,93,60	15,30,59
Excess of Assets over Liabilities ...	6,32,32	6,18,85	6,14,02
GRAND TOTAL ...	21,63,72	21,12,45	21,44,61

APPENDIX H.—*concl'd.*

ANNEXURE V.

Budget of 1932-33 presented in two parts as recommended
by the Retrenchment Committee.

RECEIPTS.			EXPENDITURE.		
	Rs.			Rs.	
	In lakhs.			In lakhs.	
Part I.—All revenue heads except receipts from Productive Works ...	277'29		All expenditure heads except Interest and Sinking Fund ..	292'76	
			Deficit ...		—15'47
Part II.—Interest and net receipts from Productive Works.	75'43		Interest and Sinking Funds ...	69'84	
			Surplus ..		5'59
Total ...	352'72		Total ..	362'60	
			Deficit ...		—9'88
	352'72			352'72	